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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2129

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CEMA NUCLEAR ENERGY PRODUCTION DETAILED

East Berlin HORIZONT in German Vol 14 No 15, 1981 signed to press 6 Apr 81 pp 16-17

[Article by Artur Fussek: "CEMA Joint Nuclear Energy Utilization"; passages enclosed in slantlines printed in boldface]

[Text] The construction of nuclear power plants is an important component in the conception shared by CEMA countries concerning the development of their fuel and energy base for the period until 1990. This conception recognizes that it is no longer possible to cover increasing electric power requirements solely with traditional means and that the accelerated development of nuclear energy has therefore become necessary to promote economic growth. In the 25 years since the first small 5-MW experimental nuclear power plant was placed into operation at Obninsk near Moscow (27 June 1954), the peaceful and reasonable utilization of nuclear energy has exerted a considerable influence on the cooperation between socialist CEMA countries.

Cooperation in this field began in 1955 with the signature of bilateral agreements followed by the construction of national nuclear research centers, the foundation of the joint nuclear research institute in Dubna (USSR), which was completed in 1956, and, in 1960, the creation of the standing CEMA commission for cooperation in the field of the peaceful applications of nuclear energy. Over 1,000 Soviet specialists helped in building, assembling and putting into operation the research centers. Over 3,000 experts and young scientists from socialist countries have gained experience in Soviet institutes. Thanks to the USSR scientific and technological assistance, nine experimental reactors, six cyclotrons and seven radio chemistry and physics laboratories were created in CEMA countries and in Yugoslavia.

Specialists from member countries have also performed outstanding work in the standing commission and its working groups. During the period 1976-1980 alone, they were given 13 key problems to solve in the field of scientific and technological cooperation, with 65 sub-assignments.

The explosion of raw material prices which took place on the capitalistic world market during the 1970's, especially with respect to oil, has but underlined the fact that CEMA countries had chosen the right way.

CEMA Complex Program Sponsor of Nuclear Energy

Initially, the CEMA complex program adopted in 1971 was oriented toward member countries' providing jointly the preliminary scientific, technological, production and organization conditions for a more rapid development and a more effective utilization of nuclear energy on a large industrial scale. They were supposed to start from the level of development attained in the national economies and the experience already acquired, and to provide measures, the significance of which in the further progress of the respective countries is hard to overestimate.

An example of this is provided by the agreement signed in Prague on 20 November 1974 between the governments of the USSR and the CSR, concerning cooperation in the production of nuclear power plant equipment. Under this agreement, the CSR was committed to supply, before 1980, a series of reactor groups, generators and other technological equipment for Soviet nuclear power plants of the WWER-440 type. With its signature, the CSR gave the start signal for the expanded scheduled organization of its own modern industrial sector of the construction of nuclear power facilities--a sector of paramount importance for its national economy.

Following several CEMA sessions (31st-34th) which dealt with raw material, fuel and energy management, the member countries have signed a series of significant agreements. These determine the mutual obligations of the participating countries and the tasks which they must accomplish. The most important are as follows:

- /Agreement on Specialization and Cooperation with Respect to Nuclear Power Plant Equipment (1979)./ Under this agreement, the 1990 installed nuclear power plant capacity of CEMA member countries will have reached a level ensuring that 12 percent of the electric power production of the community is covered by nuclear power plants. Fifty large industrial enterprises and associations from 8 countries are taking part in the production and delivery of sophisticated nuclear power plant equipment; among them, the Atomash plant in Volgodonsk, the Skoda engineering combine in Plzen, the heavy machinery construction combine in Magdeburg, the Hungarian association Chemimasch, and the Polish industrial association Zamech. They will use uniform norms and standards in the production, operation and delivery of power equipment, fittings, instruments and materials for nuclear power plants, and must comply with uniform requirements concerning the reliability and quality of the products.
- /Agreement on the Construction of the Khmel'nitski Nuclear Power Plant in the USSR (1979)./ This power plant will be provided with four 1,000-MW groups; starting in 1984, it will supply approximately 50 percent of its electric power production to Hungary, Poland and the CSR. These countries are taking part in the construction of the plant.
- /Agreement on the Construction and Utilization of the 750-kV line from Khmel'nitski (USSR) to Rzeszow in Poland (1979)./ This 390-km long high-voltage transmission line is used not only for the transmission of the electric power from the nuclear power plant to all the countries who are taking part in the plant construction, but also to expand the interconnection of the united power systems of CEMA countries with the uniform power system of the USSR. This is why the GDR is also taking part in the joint construction of this line, to an extent in keeping with its proportionate anticipated utilization of the line.

Production Cooperation of the Countries Concerned

The large nuclear power plant programs of the USSR and of the other CEMA countries require from them an extensive division of labor in the production of the necessary equipment. Obviously and unquestionably, the Soviet power-producing industry is the leading force in this cooperation. It supplies the critical equipment and it is on the basis of the documentation it provides that the European CEMA member countries contribute, each according to its possibilities, to the production of equipment, instruments and special materials for nuclear power plants. For instance, reactors, steam turbines, separators, steam heaters and feed pumps are produced and supplied by the CSSR; water tanks and bridge cranes by Romania; volume compensators, heat exchangers and Diesel stand-by sets by Poland; unloading machines and special water-preparation equipment by Hungary; biological-protection equipment, condensate and axial pumps by Bulgaria; bridge cranes, feed and special pumps by Yugoslavia; special fittings and technological transportation equipment (including bridge cranes) by the GDR.

The international economic organization Interatomenergo, to which combines and associations from the European CEMA members and from Yugoslavia belong, plays an important part in coordinating these long-range cooperation tasks. Its headquarters are in Moscow.

Nuclear Energy, Ecology and Complete Safety

Soviet nuclear physicists known the world over, such as A. Alexandrov, President of the USSR Academy of Sciences, his deputy J. Velichov, N. Dollezhal, a member of the academy, Dr. J. Kroyakin and I. Morokhin have often declared: Soviet nuclear power plants operate reliably and safely, and they have done so for 27 years! The regulations concerning the construction and operation of nuclear power plants are based on scientific facts and are extremely strict; they ensure that exposure levels, both in and around nuclear power plants, remain well under the legally authorized limit and under the natural exposure level.

However, with the rapid development of the Soviet nuclear power-producing industry, and especially with the construction of high-capacity nuclear power plant, the problem which Soviet scientists (physicians, biologists, physicists, chemists, technicians, etc.) must face have also become greater. They include the burden placed on the environment by the unavoidable heat dissipation, the unnatural utilization of sites, the irreparable water losses due to vaporization, the additional means required for construction measures intended to improve safety in the nuclear power plants, as well as cost increases in collecting, preparing and transporting radioactive waste to dumps.

The supply of nuclear fuel to nuclear power plants in CEMA countries and the return of spent fuel are regulated by long-term agreements and contracts with the USSR. Therefore, there is a uniform system of nuclear fuel supply and waste disposal, so that European CEMA countries do not need to reprocess spent fuel on their territory.

Present State of Nuclear Energetics in CEMA Countries

In the USSR, nuclear energetics is developing in the long term into one of the main branches of the fuel and energy-producing industry; this has been evidenced during the 1970's by the steady increase in the absolute growth of nuclear power plant capacities. During the same period, the share of nuclear power in the country's production of electric power has increased from 0.5 percent in 1970 to 4.4 percent in 1979. It should reach about 20 percent by the mid-1980's, and 20 percent in 1990. This is due more particularly to the fact that nuclear power plants are built in locations which, like the European part of the Soviet Union, have little or no organic fuel resources. (In 1980, nuclear power plants provided approximately 10 percent of the electric power production of the European territory, against 3.2 percent in 1975.) As a result, there are no fuel shipping costs (these are usually not negligible), no means of transportation are necessary, nor is the construction of transmission lines required. In addition, the effectiveness of nuclear power plant facilities increases, first because of technical progress in the energy-producing industry (more efficient reactors and turbogenerators), and also because their use liberates huge amounts of organic fuel (50 million tons during the last five-year plan), the production costs of which keep increasing considerably. In 1975, for instance, the specific cost of drilling one oil well amounted to 141,000 rubles; in 1985, it amounted to 185,000 rubles. Similar cost increases have occurred in the production of other fuels.

In the past few years, nuclear power facilities with a capacity of about 2,000 MW have been installed (from 1954 to 1970, i.e. in 16 years, they totaled 1,500 MW). The present five-year plan provides for the putting into operation of nuclear power plant units having a total capacity of 24,000-25,000 MW. Soviet energy experts expect that, toward the end of the present century, nuclear power plant facilities with an installed capacity of 5,000-8,000 MW will be placed in service every year, and 10,000-MW plants toward the turn of the century.

Such ambitious plans assume that the engineering industry is extremely efficient, is keeping pace with the latest developments and is a world-scale pioneer in the nuclear energy sector. The leaders in this respect are the Elektrosila production association in Leningrad, the Ishorski plant in Leningrad (which is now being modernized), and Atommasch in Volgogradsk (the only world producer of nuclear power plant facilities in series).

At present, the nuclear power plant program of the USSR relies on the use of two thermal reactors, the prototypes of which have demonstrated their reliability and effectiveness during many years of testing at the Novovoronezh (pressure water reactor) and Beloyarst (graphite-moderated pressure-tube reactor) nuclear power plants. These are the WVER-440 and WVER-100 reactors and the RBMK-1000 reactor (RBMK is the Russian abbreviation for "large-capacity boiling-water reactor").

The WVER reactors are uniformly used for the integration of CEMA countries in nuclear energetics.

The construction units of the RBMK reactor are assembled only on-site, from building groups, so that it is possible to expand this type to a capacity of 1,500 MW.

Increase in the Nuclear Power Plant Capacity of the USSR (in MW)

<u>1965-1970</u>	<u>1971-1975</u>	<u>1976-1980</u>	<u>1981-1985*</u>
565	3,800	13,700	24,000-25,000

* Directive of the Central Committee of the CPSU

Last year, a fast breeder reactor having a capacity of 600 MW was put into operation in Belojarsk. Together with the industrial 320-MW experimental nuclear power plant in Shevchenko, it will serve to provide practical experience in this complicated technology, and to improve the fast breeder to the point where it can be produced in series.

Present enriched-uranium thermal reactors use only one to two percent of the nuclear fuel contained in natural uranium. It is only with the breeding principle, which can be realized in fast breeders, that most of the uranium transformed into plutonium, can be used rationally for the production of energy, thereby reducing fuel costs per energy unit and making it economically possible to exploit deposits with a lesser uranium content.

The Soviet attempts to use nuclear energy in the most versatile manner possible have logically led to its practical and economical utilization in nuclear thermal power plants and nuclear thermal plants. Attempts are also being made to combine nuclear power plants and pump storage stations.

In the GDR, the first nuclear power plant was put into operation in 1966, in Rhinesberg; built with assistance from the Soviet Union, it had an installed capacity of 70 MW. It was followed by the Bruno Leuschner nuclear power plant in Lubmin, the capacity of which was increased to 1,760 MW in 1980 after the installation of a fourth reactor group (1st group, 1973; 2nd, 1974; 3rd, 1978); when construction is completed, it will have a capacity of 3,520 MW. With its eight 440-MW reactors, it will then produce more than the Luebbenau, Vetschau and Thierbach brown-coal power plants together. The construction of an additional nuclear power plant in Stendal, which will receive 1,000-MW reactors, is in preparation. At present, nuclear power plants provide 12 percent of the electric power production of our country.

The successful cooperation of the GDR and the USSR in the field of nuclear energy is based on several intergovernmental agreements. They enable the GDR to order design documents, reactor equipment, 220-MW turbo-sets and enriched nuclear fuel from the USSR. Soviet experts assist in assembling the plant and putting it into operation. The GDR is responsible for the execution of all construction and assembly operations and for the construction of the overall facilities.

GDR scientists also take an active part in the work of the standing CEMA commission for cooperation in the field of the peaceful utilization of atomic energy, the main

task of which consists in coordinating scientific research and development work in this field. To accomplish this task, the commission has been given several organs which take care of sub-assignments. The GDR organizations which take part in the work of these organs are the Research and Development Collective of the Rossendorf Central Institute for Nuclear Research, the Academy of Sciences, the VEB Nuclear Power Plant Bruno Leuschner and the VEB Power Plant Facilities Construction Combine.

The GDR's collaboration in improving pressure-water reactors and in preparing for the use of fast breeders has centered on the development of reactor design programs, on the improvement of reactor regulation and control systems and of water conditions, on the development of methods to decontaminate individual pieces of equipment and the entire first cycle of pressure water reactor facilities, and on processes to control the conditions of facilities and materials, especially in the nuclear zone of nuclear power plants during revisions and during operation. Also included is the development of processes and special facilities for the preparation, transportation and final storage of radioactive waste. This work, as well as the special methods developed, serves to control the sodium cycles of fast breeders in order to further increase the operational safety, the availability and the profitability of nuclear power plants.

It has enabled GDR scientists to collect valuable information for the operation of our nuclear power plants which are provided with a modern and comprehensive radiation-protection control and monitoring system. In addition, GDR nuclear power plants--like those of other countries--are supervised by the International Atomic Energy Agency (IAEA), a United Nations organization. This organization, which controls the use of nuclear material and the compliance with the treatise on the non-proliferation of nuclear weapons, has often stated that all inspections undertaken by the IAEA in the GDR have yielded satisfactory results.

In December 1972, the first CSSR nuclear power plant, the 150-MW experimental nuclear power plant built in Jaslovske Bohunice, began to supply electricity to the country's power network.

Exactly six years later, the first reactor of the WWR-440 type started operating in the V1 nuclear power plant at Jaslovske Bohunice. Early in 1979, the second 440-MW reactor was connected to the electric power integrated network. Construction of the V2 nuclear power plant, also located in Jaslovske Bohunice, is well advanced. This plant too will have an installed power capacity of 880 MW. Preliminary work for the installation of another nuclear power plant, this time with a capacity of 1,760 MW, has begun in Dukovany near Brno, in South Moravia.

Simultaneously, preparations have begun for the construction of a 1,760-MW nuclear power plant at Mochovce near Levice in West Slovakia. The nuclear power plants to be built after that one will be equipped with higher-capacity WWR-1000 reactors; this will be the case, for instance, of the 4,000-MW nuclear power plant to be built in North Moravia, at a site not yet determined. Concerning the scheduled completion of the object of this investment, the chairman of the CSR nuclear energy commission, Engineer Jan Neumann, stated: "Our course must be planned so that by 1990 the country will possess nuclear power plants with a total capacity of 7,000 to 9,000 MW."

Three years ago in /Poland,/ a working group prepared a study entitled "Optimum Fuel and Power Base" which contains clear notions on the future role of nuclear energy; a government program for the development of Poland's energy-producing industry will be prepared on the basis of this study.

According to the declarations made until now by the government, Poland's first nuclear power plant will be built in Zarnowiec near Koszalin; it will have an overall installed capacity of 1,880 MW. The technical and economic design of this plant has been completed and preliminary work has already begun. The first reactor will be put into operation in 1987. In the year 2000, the country's nuclear power plant capacity should amount to about 20,000 MW.

Several agreements with the USSR ensure that Poland will be able to buy an additional 1.2 billion kWh of electric power in 1984, 3.6 billion kWh in the years 1985-1987, and 6 billion kWh in the years 1988-2003. This is why Poland is participating in the construction of the Khmelnitaki nuclear power plant and of the 750-kW high-voltage transmission line already mentioned here. In addition, Polish industrial construction enterprises will participate in the construction of the Smolensk and Kursk nuclear power plants.

/Bulgaria/ has three reasons to be proud: It was the first country in the Balkans to use nuclear energy for the production of electric power; it belongs to the 16 countries in the world which use nuclear fuel for the production of electric power; and it is one of the countries with the highest proportion of nuclear power in its electric power production.

In 1974, the first WWER-440 reactor was put into operation at the Koslodui nuclear power plant, on the Danube (planned capacity: 1,760 MW). One year later, the second WWER-440 reactor was connected to the country's electric power network. The third reactor should begin production soon and increase the annual electric power production of this nuclear power plant from 5.6 billion to 8.4 billion kWh. The use of the canals, auxiliary buildings and installations which had served for the first construction stage (two groups) has enabled Bulgaria to save time and money on the installation of the two additional reactors. In this fuel-poor country, the 1,320 MW of the Koslodui plant are of paramount importance.

Bulgaria's long-range energy plans provide for the installation of additional nuclear power plant units between now and 1990, including four 1,000-MW reactors, thus bringing its total nuclear power plant capacity to 5,760 MW. The share of nuclear power plants in the country's electric power production would then lie around 40 percent (1975: 13 percent; 1980: 22 percent). As the Bulgarian minister of power supply, N. Todoriev, stated recently, his country will be the first socialist state, after the USSR, to possess a 1,000-MW reactor from the Atommasch factory in Volgodonsk.

In 1973, Hungary concluded an agreement with the USSR for the construction of a nuclear power plant at Paks on the Danube. Four WWER-440 reactors are to be put into operation there. The first one will soon start production. The installation of four 1,000-MW reactors is scheduled to follow that of the 440-MW reactor chain. At that point, Hungary's nuclear power plant capacity would reach 5,760 MW, which corresponds to the installed capacity of the power-producing facilities presently in operation in the country; in the future, nuclear power plants could thus account for 40-50 percent of the country's power plant capacity.

At present, 11,000 people are working at this site, including experts from other CEMA countries. Meanwhile, some 100 Hungarian power plant workers have familiarized themselves with their future jobs at the Novovoronezh nuclear power plant (USSR).

As a counterpart for its participation in the construction of the Khmelnitski nuclear power plant in the USSR, and in the construction of another 750-kV high-voltage transmission line, Hungary will receive additional electric power quantities from the Soviet Union.

Romania's first nuclear power plant, with an installed capacity of 660 MW, will supply its first current to the country's network at the end of 1985, in accordance with the "Program Directive for Research and Development in the Field of Energy During the Period 1981-1990, and Principal Orientations Until the Year 2000." In 1990, its nuclear power plant capacity should reach 3,960 MW, and about 10,000 MW in the year 2000.

In the next five years, the Cuban Republic will build its first nuclear power plant (equipped with two 440-MW reactors) near Cienfuegos, in close cooperation with the USSR; this will be followed by the first stage of another nuclear power plant in Holguin. For Cuba, which depends almost exclusively on imported oil for its power production, nuclear power is of special significance in solving its energy problems in the long term.

9294

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FUTURE OF EAST-WEST ECONOMIC RELATIONS VIEWED

Budapest HETI VILAGGAZDASAG in Hungarian No 13, 28 Mar 81 p 11

[Article by Istvan Dobozi: "Future of East-West Relations"]

[Text] The most flourishing period of economic relations between the 7 CEMA and the developed capitalist countries was the first half of the 1970's. As the relaxation of political tensions began to take effect, it created a favorable atmosphere for a rapid development of trade and economic ties. Between 1971-1975 the average annual increase in the CEMA countries' exports to the West was 22.5 percent compared to 10.7 percent between 1966-1970), while their imports grew by 30.5 percent per year (compared to 1966-1970 when it was still only 12.3 percent).

By the mid-1970's, the balanced structure of trade relations was replaced by a state of increasing imbalance. This was reflected in a growing foreign trade balance deficit of all CEMA countries, except the Soviet Union.

The recession, and the western protectionist measures prompted by it, slowed the rate of increase in demands for CEMA products. At the same time, the deepening of the capitalist recession has made western sources of credit more accessible. This development, and the capacity-surpluses of the developed capitalist countries--resulting from the crises--, as well as the growing interest in CEMA markets on the part of western firms because of these, have given the socialist countries an incentive to boost their capital asset-purchases. Some feel, that because of the relatively easy access to external sources of credit, most CEMA countries have been able to postpone and delay the task of making the economic adjustments called for by foreign economic problems, deteriorating exchange rates, the revival of protectionist trends and their declining competitiveness. Consequently, loans have been used extensively as substitutes for real economic adjustments, and have made it possible to temporarily continue applying the economic policies of the past.

Obviously, making economic adjustments is a more difficult process, than financing a foreign economic disequilibrium with foreign capital, brought about by both internal and external causes. According to estimates, in order to eliminate their trade deficit vis-a-vis the capitalist countries, several CEMA countries would have to convert 2 to 3 percent of their gross annual national product into net exports, because these economies do not have underutilized capacities and thus

cannot accelerate their production rate. Also their insufficient export capacities have placed a limit on imports to accelerate and maintain their rate of growth (imports cannot be increased at will). The only way real economic adjustments can be made is to slow down their domestic consumption rate, and consequently, production and growth. This latter, however, did not--until one and a half-two years ago--become an econo-political direction to pursue for several CEMA countries, due to the fact that the availability of credit at favorable terms had made it easier and more attractive to finance the unfavorable effects of foreign economic changes, than to make domestic structural adjustments.

East-West Trade (in billion dollars)

	1970	1975	1978	1979	1980
CEMA exports to the developed capitalist countries	6.6	19.4	27.5	32.8	46.2
CEMA imports from the developed capitalist countries	6.8	29.1	35.3	39.6	47.9
CEMA exports--not including the Soviet Union--to the developed capitalist countries	4.0	10.9	14.7	16.9	22.1
CEMA imports--not including the Soviet Union--from the developed capitalist countries	4.0	16.6	18.5	20.9	25.7

Source: Monthly Bulletin of Statistics, Dec 1980

The swelling of accumulated debts, however, has made it more and more difficult in most of these countries to substitute external financing for real reforms. Technology imports which have already materialized have been used to demonstrate the importance of East-West trade and cooperational ties. According to estimates, however, during the 1970's the East-West technology transfer did not accelerate as rapidly as had been anticipated. The ratio of so called technology-intensive products among capitalist exports to the CEMA countries only increased to 49 percent between 1976-1977 from the average 48 percent level between 1965-1969. Experiences in several CEMA countries have shown that like external financing, technical technology transfer cannot serve as a long term substitute for transforming the existing economic structure and the system of economic institutions. The relationship between technology transfer and domestic structural transformation does not stem from interchangeability, but from the fact that they mutually complement each other.

There are views, according to which the CEMA countries have made several unmerited investment decisions in the area of East-West technology transfer. The reason for this is that a large part of technology imports have been concentrated

in those sectors in which during this time technological development has already jumped a step forward, or in which significant structural world market oversupplies can be expected (such as in petrochemistry).

As a result of technology imports some CEMA countries established and are still establishing export-oriented capacities which are relatively obsolete--partly because they use technologies which were developed during the era of low energy prices--, or from the point of view of marketing are extremely vulnerable.

Regarding the prospects of East-West economic relations during the 1980's, the majority of opinions are by no means optimistic. In light of the negative factors which have had a retarding effect on the broadening of ties, we cannot expect a rapid expansion; in fact, it is conceivable that in the area of trade the rate of growth will continue to slacken even more.

Political factors which had such a favorable effect on East-West economic cooperation during the first half of the 1970's, today have become at least as much of a retarding force, particularly as far as relations between the Soviet Union and the U.S., and also the other leading capitalist countries, are concerned.

Further increases in the sensitivity of economic relations to politics, may have an adverse effect on attempts to exploit the possibilities of business cooperation.

Most of the CEMA countries, not including the Soviet Union, have export structures that are dominated by so called sensitive products--textiles, clothing goods, shoes, steel goods, electric motors, meat products and various chemical products--, which may become even more difficult to sell as a result of oversupplies brought about by the recession in the West, and also by strong market competition by the newly industrializing developing countries. There is a danger that Western protectionist measures will result in further restrictions for socialist exporters in these areas.

While during the 1970's the degree of growth in East-West trade was determined primarily by the import needs of the CEMA countries, in the 1980's we can expect that it will be the CEMA countries' export capabilities which will become the main determining factor in the development of those relations. The net accumulated debts of the socialist countries can only be allowed to increase within limits. Because the changed conditions of the 1980's will make it increasingly impossible to use foreign financing and technology transfer as substitutes for real domestic economic changes, some of the CEMA countries will presumably take more definite steps to implement economic management reforms.

9379

CSO: 2500/213

BRIEFS

TRADE AGREEMENT WITH PORTUGAL--An agreement on trade was signed today in Tirana between the governments of the People's Socialist Republic of Albania and the Republic of Portugal. The agreement was signed on the Albanian side by Deputy Minister of Foreign Trade Myzafer Ahmati, and on the Portuguese side by Alvaro Manuel Soares Guerra, ambassador extraordinary and plenipotentiary of the Republic of Portugal to the People's Socialist Republic of Albania. The ceremony was attended by members of both delegations and by Bashkim Pitarka, director of the second directorate of the Ministry of Foreign Affairs. During its stay in our country, the Portuguese delegation was received by Minister of Foreign Trade Nedin Hoxha. [Text] [Tirana Domestic Service in Albanian 1900 GMT 1 Apr 81 AU]

CSO: 2100/69

BULGARIA

INCOME TAX STRUCTURE EXPLAINED

Sofia TRUD in Bulgarian 14 Jan 81 p 2

[Interview with Levcho Gyurov, director of the Directorate for Income from the Population under the Ministry of Finances: "Tax Payments by the Public"; interviewer, date and place of interview not given]

[Text] Up to the end of this quarter is the first date for the voluntary payment of certain taxes and obligations by the public. A representative of the editorial staff spoke on this question with Levcho Gyurov, director of the Directorate for Income from the Population under the Ministry of Finances.

[Question] What is the relative share of taxes and fees paid by the public to the state budget?

[Answer] Not more than 8 percent. Tax payments are almost of no fiscal importance, but they are used to achieve a just socioeconomic regulation and secondary redistribution of a portion of the income for individual citizens.

[Question] What are the basic current tax laws?

[Answer] There are two basic tax laws: The Law on the Tax on General Income and the Law on Local Taxes and Fees. The former covers tax law relationships between the citizens and the state relating to the income realized by the citizens while the latter deals with these legal relationships chiefly in the area of the property of the citizens and the ensuing obligations to the state. To the two laws we must also add Article 7 of the Ukase Governing the encouragement of the Birth Rate.

[Question] What is the lowest tax rate on the income of the citizens?

[Answer] This is the percentage of tax set on the labor remuneration of the workers, white-collar personnel and others, that is, on the income received under the conditions of the labor contract. This remuneration up to 100 leva monthly is untaxed, while the maximum tax rate reaches 14 percent on a monthly income over 340 leva.

[Question] And what is the highest tax obligation?

[Answer] The highest is the percentage collected on the income which has been realized from private economic activities such as trade, crafts, free professions, rents and so forth. This begins at 9 percent for income up to 200 leva, while above 7000 leva annual income it reaches 81 percent.

[Question] What would you say on the tax on agricultural income?

[Answer] The tax paid by agricultural workers for their personal farm is virtually of symbolic nature. Thus, it is differentiated from 0.50 to 2 leva per decare, regardless of the amount of the realized income from this land and the type of crops which are produced. Cooperative farmers do not pay any tax on domestic animals raised on their private farms.

According to Decree No 76 of the Council of Ministers of 1977, also free of taxes is the income realized from the sale of agricultural products, including animals and animal products, to purchasing organizations at the legally-established prices, under the condition that: the labor of others is not used in producing these products; the obligation has not been refused of working in the public sector, unless they are not pensioners or in job placement. Shepherds who tend their own livestock under pasture conditions in mountainous and semimountainous regions of the nation are also not taxed. They are not required to work in the public sector, as the nature of their work requires them to be constantly employed in tending their animals.

[Question] What income is not included in the tax on general income?

[Answer] Not taxed are family assistance, pensions, scholarships, insurance compensation, unrepeatd assistance during sickness, accidents, marriage, birth, death and so forth. Also not taxed is the remuneration of inventors and discoverers which has been received in this capacity. This applies too to income of blind citizens who have been placed in jobs. There are also a number of other tax concessions.

[Question] What would you say about the tax paid under the Ukase Governing the Encouragement of the Birth Rate?

[Answer] This tax is paid by unmarried persons, by divorced persons and by married persons without children from the ages of 21 to 45 for women and from 21 to 50 for men. The tax rate paid by this category of citizens is 5 percent up to the age of 30 and 10 percent over this age.

[Question] Please tell about property taxes.

[Answer] Property taxes are set under the Law on Local Taxes and Fees. The main ones are:

- 1) The tax on buildings, plots and parcels of land; the rate is 2 per thousand on the tax assessment of the property;
- 2) An additional tax on residential buildings over 120 sq meters, paying a differentiated rate per meter for the difference over this amount; for country villas, a tax is paid over 60 sq meters and also at a differentiated rate.

Under this law the payment of a fee has been established for the right to drive motor vehicles.

In addition, the law governs the payment of inheritance taxes, gift taxes and so forth.

[Question] Are difficulties encountered in collecting the taxes and fees paid by the public?

[Answer] It can definitely be said that no difficulties are encountered, in bearing in mind that over the last 10-15 years there has not been a single case of forced collection of a tax debt. This is a concrete expression of the confidence of the public in the state's tax policy.

10272

CSO: 2200/79

BULGARIA

HOPES FOR OFFSHORE RICHES DISCUSSED

Nicosia CYPRUS MAIL in English 24 Apr 81 p 2

[Text] Sofia, April 22--Bulgaria, with Soviet help, is searching for oil, gas, ores and minerals under the Black Sea.

Preliminary explorations have indicated that the continental shelf below and beyond a 235 miles coastline that forms Bulgaria's eastern frontier may be richer in mineral resources than the mainland, scientists here say.

Existing known land reserves of oil and natural gas are severely limited and insufficient to meet the needs of Bulgaria, which imports most of its oil from the Soviet Union.

Test probes and prospecting, with the aid of Soviet oceanic research ships, and preparations for drilling in the deepest part of the continental shelf have been carried out over the past four or five years.

Results of these findings have not yet been completely processed or published. But scientists say they have high hopes of finding oil and gas deposits in the northern half of the shelf.

Development of mineral resources, combined with measures to reduce use and wastage of raw materials, have high priority for Bulgaria, as economic planners try to limit growing dependence and expenditure on imported supplies.

Prospectors first struck oil in Bulgaria in 1954, but extraction has been low. The main field at Pleven, in the North, produces high quality oil. The only other source is in the extreme north-east on the Black Sea coast, near Shabla, close to the Romanian frontier, but the oil there is of lower grade.

The total area of Bulgaria's continental shelf is about 4,440 square miles, equivalent to more than one-tenth of the country's land mass of 42,850 square miles.

An investigation earlier this year by a Soviet research ship was aimed at taking hydromagnetic measurements of the entire shelf and its continental slope. Scientists were also studying the structure and nature of the sediment of the shelf at a depth 330 feet below the seabed, officials said.

Previous expeditions had already established that the deep structure of the earth's crust on the shelf and the nearby mainland were essentially similar.

Land-Locked Sea

The Black Sea, almost entirely land-locked and bounded by Bulgaria, Romania, the Soviet Union and Turkey, covers an area of about 160,000 square miles and extends for 700 miles at its widest point from west to east.

The Bulgarian coast along its western edge differs considerably from other shorelines, being much less indented but higher with the last rolling hills of the Balkan range sweeping down to the water.

Bulgaria has developed profitable summer tourist resorts on sandy beaches along more than a quarter of the coast, but officials seemed unconcerned that these could be affected by oil or gas exploration.

Officials said investigation of the continental shelf began immediately after World War II. A Soviet-Bulgarian team made a geological chart of the coast between 1948 and 1954.

Three big Soviet maritime geophysical expeditions between 1960 and 1972, covering the whole of the shelf area, prepared the first assessments of the possibilities of oil and natural gas deposits.

The Bulgarian Academy of Sciences' Institute for Maritime Research and Oceanology, based in the Black Sea port of Varna, began a new set of studies in 1973-74.

The Institute organised jointly with kindred Soviet bodies a series of sea expeditions in subsequent years. In 1976 scientists began probing the deepest structure of the continental shelf, prospecting for oil and gas-containing structures and preparing for deep drilling.

East German and Polish experts joined Soviet and Bulgarian specialists on two other international expeditions in the late 1970s. They studied physical processes of the sea and its interaction with the coast south of the estuary of the Kamchiya River, which flows into the Black Sea south of Varna.

A scientific report on the findings of further Soviet-Bulgarian expeditions in 1979 and 1980 is now being prepared in Moscow, officials said.

CSO: 2020/42

FEBRUARY 1981 ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 27 Mar 81 p 2

[Status Report of the Federal Statistical Office on Plan Fulfillment]

[Text] Compared with last year's results achieved over the same time period the developmental trend of basic indicators of the national economy for February and from the start of the year was unfavorably affected by fewer working days. Workdays in February were 1 day short, in January and February 2 days short.

In industry, except for deliveries to other destinations and export deliveries to nonsocialist countries, the production plans of enterprises for all other purposes were exceeded and according to preliminary results so were the adjusted outputs; overall, gross production tasks were likewise fulfilled. But within enterprises fulfillment of individual indicators of the plan was uneven.

In agriculture, the scheduled purchasing of all principal animal products were exceeded. Building construction failed to fulfill both the planned construction volume and the planned adjusted construction output (preliminary results). Overall, public freight transportation exceeded its transportation plan but transportation tasks planned for rail transit remained unfulfilled. Domestic trade enterprises failed to fulfill the retail trade turnover plan of the principal trade systems.

Some indicators of the proportion of the annual plan considered were low even taking into account seasonal variations.

Overall, from the beginning of the year centrally planned industry fulfilled most indicators of the planned tasks. In the area of sales, the planned deliveries of capital goods by enterprises were widely exceeded by 8.3 percent calculated in wholesale prices. Total planned export deliveries were exceeded by 317 percent except for exports to nonsocialist countries which lagged behind the planned volume by 0.2 percent. Total deliveries by enterprises for the domestic market were fulfilled by 100.5 percent but more than 27 percent of the enterprises bound by this indicator failed to fulfill it. The January and February export delivery plans to socialist countries were likewise unfulfilled by 27 percent of the enterprises while more than 33 percent of enterprises recording exports to nonsocialist countries were delinquent. In the first 2 months of this year

overall sales to production and service enterprises failed to meet the planned targets by 0.6 percent; more than 40 percent of enterprises engaged in sales to production and service enterprises did not fulfill their plans.

Industrial enterprises fulfilled planned production tasks characterized by the gross production indicator by 100.5 percent in February and in January and February by 100 percent. But in February 19 percent of the enterprises did not fulfill their assigned production volumes and failed to do so in the first 2 months of the year.

Average daily production not reflecting the influence of continuous operations exceeded last year's figure for February by 3.5 percent and the figure for the first 2 months by 4.6 percent. Compared with January and February 1980 the overall volume of gross production for the 2 months was lower by 0.3 percent.

According to preliminary results, adjusted industrial output for the first 2 months in the amount of Kcr 37.6 billion exceeded last year's corresponding figure by 2.3 percent. Overall, this indicator of the enterprises' plans was fulfilled by 101.1 percent while 426 enterprises, i.e., 38 percent of their total number were delinquent in the fulfillment of their adjusted output.

In animal production, the volume of scheduled purchasing of all principal animal products was exceeded. Total purchases of slaughter animals were fulfilled by 100.4 percent (of this beef cattle by 98.3 percent, pigs by 102.2 percent), dressed poultry by 102.4 percent, milk by 103.3 percent and eggs by 104.1 percent. Compared with the corresponding period of last year the tonnage of slaughter animals including poultry purchased in the first 2 months of this year rose by 13,700 tons, the quantity of milk purchased dropped by 21.7 million liters and the number of eggs purchased increased by 8.8 million.

In building construction, the February volume of construction work completed by the industry's own work force declined by 2.3 percent from last year's volume while average daily construction rose by 2.6 percent. The construction enterprises fulfilled the February building construction plan by 98.3 percent; that month, according to preliminary results, the adjusted output of the enterprises was fulfilled by 94.8 percent. Compared with the same period last year, average daily construction output in January and February rose by 2 percent while the overall construction volume completed in the 2 months decreased by 2.8 percent compared with last year's result. Overall, the enterprises fulfilled their building construction plans by 97.6 percent; more than 60 percent of all construction enterprises failed to fulfill their assigned volume of construction work with their own work force. According to preliminary results also the value of the enterprises' adjusted January and February output failed to reach last year's comparable levels and enterprises generally failed to fulfill this indicator of their plans.

In February, public freight transport moved 47.1 million tons of goods and fulfilled thereby the planned transportation tasks by 100.8 percent. Compared with February of last year, the overall volume of goods transported decreased by 0.2 percent, but river transportation recorded a noticeable increase. In

January and February 95.7 million tons of goods were moved, i.e., 1.9 percent more than in last year's first 2 months. The planned transportation tasks were fulfilled by 100.8 percent. CSAD [Czechoslovak Automobile Transportation] and especially river transportation exceeded their plans while the railroads failed to fulfill their transportation plans for January and February. In January and February of this year, overall railroad loadings and also average daily loadings expressed in freight cars exceeded last year's comparable figures but here the planned goals were not fulfilled.

In February 1981, foreign trade exports to socialist and nonsocialist countries expressed in going prices exceeded last year's comparable figures while imports dropped below the 1980 February level. Since the beginning of 1981 overall exports and imports were lower than in January and February of 1980. In the first 2 months of this year 10.8 percent of the annual state plan volume of exports to socialist countries were fulfilled, 10.6 percent of exports to nonsocialist states, imports from socialist countries were fulfilled by 10.2 percent and from nonsocialist countries by 12.1 percent.

In February 1981, the principal domestic retail trade system sold Kcs 15.3 billion worth of goods, i.e., 3.7 percent less than in February 1980. From the start of this year retail trade turnover of the principal trade systems reached Kcs 30.3 billion. Sales of merchandise by the retail sales network yielded Kcs 30.3 billion. Sales of merchandise by the retail sales network yielded Kcs 26.5 billion in 2 months and public catering 3.8 billion crowns. Compared with the same period of last year, the retail trade turnover of the principal trade systems decreased by 2.4 percent. Overall, in January and February 1981 the enterprises' retail trade turnover plan was fulfilled by 98.1 percent. Of the trade enterprises, Obchod obuvi (Trade Organization Shoes) exceeded the sales plan for 2 months by the highest margin (by 3.8 percent), Obchod nabytkem (Trade Organization Furniture) was most in arrears.

8664

CSO: 2400/164

CHEMICAL INDUSTRY ACCOMPLISHMENTS, PROBLEMS VIEWED

Prague HOSPODARSKE NOVINY in Czech 6 Mar 81 p 2

[Text] During the Sixth Five-Year Plan, the Czechoslovak chemical industry developed in accordance with the directives issued for the economic and social development of Czechoslovakia in the years 1976-1980 by the 15th CPCZ Congress. In addition to the planned increase in the volume of chemical industry production, the main emphasis was to be on sectors which carry the main burden of structural changes in consumption of manufactured goods both within the Czechoslovak national economy and in the international socialist sphere; it was primarily dependent on deliveries of Soviet oil. A basic reality which influenced the planned production dynamics and the development of the chemical industry was the necessity to deal with the external factors of extraordinary increases in the price of chemical raw materials, supplies and technological mechanical equipment in world markets. However, in spite of this limitation of available inputs, and in view of the national economic need to cut down on the use of petroleum and petroleum products, the production volume in the chemical industry of the CSSR increased 28.6 percent during the Sixth Five-Year Plan (28.9 percent in basic chemistry and petroleum processing, 34.1 percent in the rubber industry and plastics production, and 29.1 percent in the production of paper and cellulose). This increase in production was primarily achieved by an increase in labor productivity.

Processing of petroleum has a very important role in the chemical industry. For reasons cited above, the originally planned volume of petroleum to be processed was reduced by about 1 million tons, and measures were taken at the same time to reduce the use and improve the efficiency of use of all petroleum products within the Czechoslovak national economy, and especially to reduce their use in the energy field.

Despite the lower total volume of petroleum to be processed, in accordance with the goals set by the directives, the share of petroleum, as a chemical raw material, rose 4.8 percent in 1975 and 11.5 percent in 1980. Petrochemical production increased 130 percent and production of plastics 114 percent. The goal of doubling the total production of plastics and synthetic resins by the year 1980 was reached successfully. Production of chemical fibers surpassed the plan by 118.6 percent, due to a large increase in production of polypropylenes and polyesters. However, at the same time, there was a reduction in the production of rayon fibers, as well as a delay in construction of new polypropylene

manufacturing plants; there was also a failure to achieve desired product innovations and expansion in the fiber product makeup on the hoped-for scale.

Paint production was 6.5 percent greater in 1980 than in 1975, and was accompanied by the desired improvement in the paint product mix, and the production of organic dyes increased 29 percent. During the Sixth Five-Year Plan, production of tires and of mechanical rubber goods was modernized, and production of steel cord radial tires was introduced for private cars and for trucks.

Chemical industry deliveries for the engineering industry increased by 40 percent during the Sixth Five-Year Plan due to its improved structure. However, a simultaneous development of the engineering industry, especially electrotechnology and electronics, demand that in the coming period the chemical industry should be oriented to insuring deliveries corresponding to the altered structure of engineering production.

Chemical industry deliveries to agriculture have increased almost 15 percent; the share of liquid fertilizers has also increased to 13 percent of the total nitrogenous fertilizers used. In the area of production and delivery of fertilizers, even given reduced dynamics, the needs of agriculture were considered, and delivery of 254 kilograms of pure nutrients per hectare of land was achieved.

Production and delivery of pesticides was likewise increased. Deliveries to the building industry were increased 15 percent, and building materials 25 percent.

There was a fundamental departure from the directive of the Sixth Five-Year Plan in the utilization of chemical production: in a substantial increase in exports, particularly to the nonsocialist countries; exports increased 80.9 percent at wholesale prices and 166 percent at "freight prepaid" prices. By this means we fulfilled the goal set for the chemical industry to increase the rate of growth of exports over imports.

In the area of capital investments we achieved a volume of work and of deliveries in the value of Kcs 35.9 billion, which is Kcs 2.4 billion less than the goal set by the Sixth Five-Year Plan. Certain goals, especially in the field of organic dyes and rubber manufacture, were not met, and in others the planned dates to start operations were not kept. In accordance with the need for the greater utilization of domestic lumber, but contrary to the five-year plan, construction of two paper-cellulose factories was undertaken (in Buzomberök and Paskov).

Supported by the results of the scientific research bases, in the Sixth Five-Year Plan we have produced almost 30 percent of the technological structures, which was 50 percent more than was produced during the Fifth Five-Year Plan. There are several other results of our own research bases which are ready, or soon will be ready, for use especially in the field of applied chemistry with its high share of engineering work, as well as in the rubber and plastics industry, and others.

Results which were achieved were in large part due to the factors of intensification, rationalization, and modernization of production and of new technological advances. There was also an increase in workers' initiative, aimed primarily at

decreasing the use of raw and processed materials and energy and their more effective utilization. For example, an indicator of the use of fuels, heat and electricity, collectively converted to primary energy sources, showed a consumption of 170.7 tnp [tons of standard fuel] in the chemical industry, per Kcs 1 million of crude production in 1975, while in 1980 it decreased to [a rate of] 155 tnp. At the same time, utilization of secondary sources of energy was increased from 1.1 million tnp in 1975 to 1.6 million tnp in 1980, which is an increase of almost 40 percent.

The factors cited above enabled us to lower material outlays, not including depreciation, per Kcs of output, from Kcs 0.74 to Kcs 0.70 and to increase labor productivity from Kcs 340,000 per worker in 1975, to Kcs 421,000 per worker in 1980. Labor productivity was the deciding factor in the increase of production.

Qualitatively, participation by the Czechoslovak chemical industry in the international division of work was expanded, especially in socialist economic integration. Most importantly, there was an expansion in mutually advantageous cooperation and specialization with the USSR in the area of production with differing energy intensities, and with the GDR in the area of olefin chemistry.

There will be a qualitative shift in the structure of the Czechoslovak chemical industry as soon as two petrochemical combines, with their large capacity units, which will compare favorably to world standards, are completed. A raw-material base will thus be created which will influence the structure of the chemical industry and will cover the needs of Czechoslovak economy for many years.

Capital assets, during the Sixth Five-Year Plan, exceeded Kcs 100 billion at purchase costs and increased the capital-labor ratio from Kcs 391,000 to Kcs 510,000 per worker. The efficiency of fixed assets, due primarily to continuous and large increases in the prices of plant and equipment, decreased from Kcs 0.85 to Kcs 0.82 of output per Kcs of fixed asset value. In the future, it will be necessary to work out a more specific and effective cooperation with the Czechoslovak engineering industry, especially in the area of maintenance and modernization of fixed assets of the chemical industry, since their physical deterioration and obsolescence is getting worse.

The chemical industry is a branch which, in the course of the Sixth Five-Year Plan, was most stricken by negative outside influences, particularly in connection with the extraordinary rise in the price of oil and other chemical raw and processed materials, and equipment. In spite of these negative outside influences, the chief goals of the directive were fulfilled and planned needs of the national economy for chemical materials were insured while maintaining positive developments in qualitative indicators. Since these influences will continue into the future, it is essential to further reduce the material and energy intensity of production, while increasing the level of utilization of raw materials and improvements in labor productivity, thereby enabling a continued necessary development of the chemical industry.

AGRICULTURAL USE OF FERTILIZERS IN SSR ASSESSED

Bratislava EKONOMIKA POĽNOHOSPODARSTVA in Slovak Feb 81 No 2 pp 86-87

[Article by Eng Vojtech Oravec and Milan Holic, Slovak Bureau of Statistics, Bratislava: "Correlations Between the Consumption of Fertilizers and the Production of Main Agricultural Crops"]

[Text] Next to correctly used agrotechnology and introduction of new, genetically more efficient hybrids, nutrients added to the soil in the form of manure and fertilizers are an important stimulant in increasing plant production.

The consumption of fertilizers follows a steadily ascending trend. However, their structural composition has not changed substantially so as to approach gradually the optimum needs of plant nutrition.

With the changing structure of cultivated areas, the total consumption of fertilizers per hectare of agricultural soil increased from 1969 to 1980 by 61.5 percent as follows: nitrogenous fertilizers, 68.6 percent; phosphatic fertilizers, 52.6 percent; and potassic fertilizers, 62.2 percent. The share of nitrogenous fertilizers rose during the same period from 31.8 percent to 33.2 percent, the share of phosphatic fertilizers dropped from 28.3 percent to 26.7 percent, and the share of potassic fertilizers rose only negligibly. The share of mixed fertilizers increased from 8.6 percent to 38.7 percent.

To ascertain the correlation between the consumption of fertilizers and the per hectare yields, our statisticians conducted a one-time research program dealing with the consumption of fertilizers in the cultivation of main crops, and calculated the cost of their procurement and application. The study took place in 1978 and 1979 in all state farms and in a selected system of the JRD [unified agricultural cooperatives]. With minor inaccuracies, the number of the selected JRD (168 out of 649) may be considered sufficiently representative on the level of the SSR to draw conclusions pertaining to the entire agricultural sector.

Compared with the data from the preceding studies conducted in 1973 and 1974, the final results indicate that considerable differences exist in the consumption of fertilizers in individual years.

Next to the amount of fertilizers applied in the soil in 1 year, the per hectare yields and intensified plant production are affected also by the preceding

applications. In addition to an adequate supply of nutrients the other most important factors are, for instance, the optimum structure of the cultivated areas (crop rotation), highly productive hybrids, the situation of water economy, the general agrotechnological standard, the quality of the soil, and weather conditions during the period of vegetation. With an uneven effect of these factors, the efficiency of fertilizers in individual crops differed in fertile and less fertile years during the period under study, most notably in 1979.

During the fertile years of 1974 and 1978 the per hectare yields in densely cultivated grain crops were essentially identical even with lower doses of fertilizers. In the less fertile years of 1973 and 1979 the per hectare yields of wheat in the JRD were lower by 1.14 tons, of rye by 0.56 tons, and of barley by 0.86 tons.

As compared with 1973 and 1974, with the gradually increasing doses of fertilizers and manure the per hectare yield of potatoes dropped, with the exception of the JRD in 1979. The yield of potatoes in individual agricultural cooperatives at 15.75 t/ha⁻¹ was only 0.45 tons and 0.15 tons, respectively, above the yield in the state farms in 1973 and 1974.

The yield of sugar beets was the highest in 1974 with 42 t/ha⁻¹ and the lowest in 1978 with 29 t/ha⁻¹; however, the consumption of fertilizers in 1974 and the share of the areas fertilized with manure were below the 1978 level.

The area of annual and multiannual fodder crops treated with fertilizers ranges from 94.4 to 99.3 percent of all cultivated areas. The consumption of pure nutrients per hectare of the cultivated area for annual fodder crops increased in the JRD by 87 kg and in state farms by 105 kg, and the per hectare yields in both sectors increased almost identically, namely, by 9.8 and 9.9 tons, respectively. With almost half the doses of fertilizers the yield of multiannual fodder crops was up in the JRD by 1.68 t/ha⁻¹ and in the state farms by 0.89 t/ha⁻¹.

The share of the areas cultivated as permanent meadows and pastures treated with fertilizers has been increasing every year. The consumption of fertilizers per hectare of permanent meadows increased in the SSR since 1974 by 79 kg in the JRD and by 58 kg of pure nutrients in the state farms, and thus, it approached the consumption in the CSR. The consumption per hectare of pastures rose since 1974 by 39 kg of pure nutrients in the JRD and by 26 kg in the state farms, however, in comparison with the CSR in state farms it was lower by 73 kg and in the JRD by 41 kg of pure nutrients.

The yield of hay from permanent meadows and pastures was lower every year in the SSR than in the CSR. The JRD in the SSR harvested from permanent meadows 1.11 tons less hay, and the state farms 2.29 tons less hay than in the CSR.

Per hectare yield of hay from the pastures in the SSR increased very slightly in comparison with 1974, and in 1979 it was almost 1 ton lower in both sectors than in the CSR.

From the comparison of the share of fertilized lands with the consumption of fertilizers per hectare of appropriate crops and the resulting yields it is evident that fertilizers are effective only if other vital conditions affecting the crops during their period of vegetation are fulfilled. In order to intensify the effectiveness of fertilizers, it is also necessary to reevaluate the methods of cultivation which have been impaired by a real concentration of the lands and which have been adapted to new conditions in very few enterprises.

The average costs for the procurement and application of fertilizers per hectare of total areas of the state farms in the SSR increased in 1979 by 43.1 percent as compared to 1974, of which the costs of application rose by as much as 62 percent with the consumption of 238 kg. The JRD used 260 kg per hectare and their costs of fertilizers rose by 76.2 percent, of which the costs of application by 71.1 percent.

The highest per hectare consumption of fertilizers, namely, 290 kg in the state farms and 298 kg in the JRD, was reported in 1979 in West Slovakia Kraj where the costs of their procurement were also the highest. The per hectare costs of procurement and application of fertilizers in West Slovakia Kraj increased 42.2 percent compared to 1974 in the state farms and 57.5 percent in the JRD, and thus, they approached the level of state farms.

The lowest consumption of fertilizers in 1979 was reported in Central Slovakia Kraj, namely, 195 kg in the state farms and 216 kg in the JRD, although this denoted the highest increase in that kraj as compared with 1974. In both sectors, the per hectare costs of procurement and application of fertilizers were the lowest as compared with the other krajs.

The per hectare consumption of fertilizers in East Slovakia Kraj in 1979 increased as compared to 1974 from 194 kg to 231 kg in state farms and from 196 kg to 260 kg in the JRD. The costs of procurement and application of fertilizers in the state farms increased by 30.4 percent and in the JRD by 76.2 percent.

The difference in the costs of procurement and application of fertilizers in individual krajs was affected, next to the price, mostly by the standard of the per hectare fertilizer consumption and by higher costs of their application. The costs of application of fertilizers rose at a faster rate than the cost of procurement of fertilizers.

1. Spotřeba průmyselných hnojiv na hlavní plodiny a dosažené hektárové úrody

2. Plodina	3. Státní majetky				4. Vybraný soubor JRD			
	spotřeba čistých živin na 1 ha 5. (kg)		hektárová úroda 6. (t)		spotřeba čistých živin na 1 ha 5. (kg)		hektárová úroda 6. (t)	
	1978	1979	1978	1979	1978	1979	1978	1979
7. Obilniny spolu	331	315	3,84	3,26	324	328	4,21	3,87
8. z toho: pšenice	332	344	4,07	3,18	350	387	4,80	3,48
9. raž	321	316	3,10	2,82	297	344	3,40	2,84
10. jačmeň	300	285	3,50	3,07	282	264	4,22	3,45
11. kukurice	322	351	2,72	4,30	313	345	3,28	4,57
12. Strukoviny spolu	249	234	1,10	0,57	245	281	0,90	1,37
13. Zemiaky spolu	429	434	13,82	14,41	489	483	13,87	15,75
14. Krmné okopaniny spolu	504	478	40,98	41,75	538	497	41,65	41,41
15. Jednoroké krmoviny	355	384	3,31	3,38	373	349	3,32	3,23
16. Viacročné krmoviny	229	227	6,47	6,45	188	190	6,75	7,28
17. Olejníky	355	326	1,88	1,17	340	334	1,78	1,13
18. Přírodní rostliny	226	204	1,74	1,48	272	267	4,23	3,03
19. Technické okopaniny	505	486	28,89	29,52	419	421	29,47	31,93
20. z toho cukrová repa	505	486	28,89	29,52	421	422	29,80	31,31
21. Zelenina spolu	502	510	15,58	17,48	394	378	17,75	15,31
22. Trvalé lúky	157	149	3,08	2,76	172	180	3,70	3,85
23. Pásienky	73	78	1,40	1,31	85	91	1,78	1,68
24. Sady a zahrady	178	189	—	—	188	180	—	—
25. Chmelnice	578	549	0,58	0,71	531	431	0,81	0,90
26. Vinohrady	598	555	4,54	3,33	592	452	7,25	5,54
27. Spolu	241	238	—	—	281	280	—	—

KEY:

1. Consumption of fertilizers for main crops and resulting per hectare yields
2. Crops
3. State farms
4. Selected system of JRD
5. Consumption of pure nutrients per 1 ha (kg)
6. Per hectare yield (t)
7. Total grain crops
8. of which wheat
9. rye
10. barley
11. corn
12. Legumes - total
13. Potatoes - total
14. Fodder root crops - total
15. Annual fodder crops
16. Multiannual fodder crops
17. Oleiferous crops
18. Textile crops
19. Technological root crops
20. of which sugar beets
21. Vegetables - total
22. Permanent meadows
23. Pastures
24. Orchards and gardens
25. Hopyards
26. Vineyards
27. Total

VERESS INTERVIEWED ON PERFORMANCE OF FOREIGN TRADE

Budapest NEPSZABADSAG in Hungarian 12 Apr 81 p 5

[Interview with Peter Veress, minister of foreign trade, by Peter Lovasz; date and place not specified]

[Text] In 1980, the last year of the Fifth Five-Year Plan, we achieved an important goal of the plan, the dollar accounted foreign trade balance, indeed the balance of trade in regard to total trade showed a contract parity surplus. It was an achievement no less to be valued than the fulfillment of the prescriptions for ruble account trade which developed according to what was planned and we also succeeded in achieving further results in developing our economic cooperation with the CEMA countries which are significant for us in the long run. We asked Minister of Foreign Trade, Peter Veress for information on how we should evaluate last year's foreign trade results and what developmental prospects are hoped for during the Sixth Five-Year Plan.

[Question] In the first 3 years of the Fifth Five-Year Plan our development was characterized by an increasing balance deficit in the dollar accounted trade and by relatively swift economic growth; whereas the last 2 years were characterized by what might be called an obviously growing trade deficit and a modest rate of economic growth. To what external and internal factors can we attribute this contradictory development?

[Answer] By way of introduction, to avoid misunderstanding, it should be emphasized that restoring the external balance of the economy is not a goal in itself. Over the long run, obviously, we should strive to make the best use of our own resources and satisfy our needs ever more completely--as other countries do. This can be imagined, for us as for others, only within the framework of a broad international division of labor. In this situation the status of international trade and of the balance of payments is really only an index which reflects the productive capacity of an economy for a given period by international standards.

Keeping this in mind it can be said that the world economic changes of 1973-1974 which have proven to be lasting ones--the price explosion, the changes in energy source prices and raw materials compared to processed products--have affected our economy very unfavorably, as they did other countries more developed industrially

than we. The 1978 1.2 billion dollar trade deficit, especially, warned us that in many respects our economy was lagging behind the requirements of the world market. The balance deficit sharply illuminated our weaknesses: for example, the greater than justified dependence of production on imports and especially of investments, and the low efficiency of our production, and its unjustifiably high costs, that is, the wasteful nature of our management, and especially the unsatisfactory competitiveness of our enterprises producing for export.

[Question] Under inflationary conditions it is generally good to make use of external resources, that is credits, to develop the economy because the real value of present credits will be less at the time of repayment--because of the price increases. Why then is indebtedness so threatening under present conditions?

[Answer] Using external resources for economic development can certainly be advantageous, at times necessary, so we will not be giving them up in the future. But we must weigh two things very carefully. In the first place, because of the uncertain price fluctuations, the series of foreign exchange crises and business cycle variations credit has become very expensive, that is interest rates constantly increasing. In the second place, it is expedient to take up loans if the money can be efficiently invested to serve the healthy development of the economy, and that, in the case of productive investment, for example, the proceeds can be used to make the payments and to cover the interest. If this cannot be done then the loans must be repaid from other sources and this is not a desirable burden. However, with the given structure of the economy and with efficiency which for the time being is not improving much we would not have been able and would not be able to maintain the earlier rate of growth without this disadvantageous indebtedness. Our chief problem is that we reacted too late to the world economic events and this became clear only in 1978. At that time measures had to be taken which, as it were, held a mirror up before the economy so that we could adapt as quickly as possible to the requirements in the new situation.

[Question] The experiences of the past 30 years prove that we could always depend on CEMA cooperation for our economic development. To what extent did the development of socialist integration play a role in decreasing the unfavorable effect of recent years?

[Answer] Anyone who even glances at the structure of our trade with CEMA will see that we buy from the socialist countries the crucial proportion of the raw materials and energy sources we need, and that we get the major part of certain import machines, for example tractors, combines and motor vehicles from them and we sell to these countries a good part of our economy's most important goods which we produce economically and in large numbers. CEMA is also our most important as a supply source acquisition and outlet and it can certainly be said that our present level of development could not be imagined without these contacts profoundly affecting every area of our economy.

But neither should we forget that CEMA is not an isolated unit in the world economy; it is an organic part of it. Those influences which have affected us have affected, if in different ways, the economies of the other socialist countries too. In addition, development means that the majority of the CEMA countries are

struggling with problems similar to ours, such as, improving efficiency and perfecting the product structure. This is why even trade among the socialist countries is not free of problems; I might even say that our trade with the socialist countries, as with other regions of the world economy, is--understandably--taking place today under more difficult conditions than 5 or 10 years ago, which is shown in the fact, for example, that the rate of growth in trade is decreasing and we are not always able to obtain from our partners sufficient goods to cover our needs. So our cooperation could only ease or moderate the consequences of unfavorable world economic changes; it did not make it possible to entirely avoid them.

[Question] So in the light of this general situation analysis, to what immediate causes can we attribute the favorable results of last year?

[Answer] An approximately equalized balance came about as the result of the combined effect of several factors. We purchased less energy sources than planned on the dollar accounted market. This in itself relieved us of a large expenditure, and it played a large role in the fact that, contrary to expectation, our rates of exchange in dollar accounting trade improved last year. At the same time, fewer import goods were needed for the more modest economic growth. We achieved considerable savings primarily in the import of investment goods. That is, domestic consumption decreased as planned and several times we succeeded in finding more advantageous supply markets. This largely counterbalanced the marketing problems which appeared in the second half of last year. At the same time there were better than expected results in the export of agricultural and food industry products; world market prices developed more favorably and the price work of the enterprises improved.

The fact that we achieved a significant price increases for many products, for example chemicals and food industry products but also for machine industry products, for example machine tools, indicates in any case an improvement in efficiency. At the same time the economy, with increasing export, used less import materials and energy. With the exception of a few not very significant hitches, the domestic supply of goods was also balanced; and we achieved all this without sweeping out the warehouses. In a word, there are indirect signs of improving efficiency. In my opinion, however, we cannot yet talk about a breakthrough.

On the basis of last year's achievements and the positive trade balance of the first 2 months of this year I cannot yet say that there has been the turnaround that we would like. The qualitative factors of economic development are not yet preponderant. These results can be attributed in part to one-time causes which will not be repeated and in part to favorable processes which can be regarded as lasting, but in regard to the processing industry as a whole I do not yet see definite proof of a qualitative transformation.

[Question] The business research institutes, banks and theoretical experts are almost unanimous in judging unfavorably the world market prospects in the near future. Under what conditions will it be possible to realize the 42-45 percent growth in dollar accounted export prescribed by the Sixth Five-Year Plan?

[Answer] It is certain that this will be difficult. I will only be repeating myself when I say that we must appear on the market with better quality goods produced more efficiently and must sell with more effective marketing. And we must continue to conserve on imports, much more so than heretofore. Of course this does not mean reducing imports but it does mean that the enterprises should buy only what they need, and they must make the best possible use of what they buy. All our economic and policy measures should serve these goals. For example, the price and income regulation system, which gives a clear advantage to enterprises which produce efficiently. This is also served by the selective development policy which, adjusted to central programs, puts the emphasis on the development of key branches of the economy. The same thing applies to the selective credit policy which--with severe conditions, it is true--provides backing for investments which lay the foundations for an economical expansion of the export goods base.

[Question] To what extent is a limit put on our aspirations by the increasing protectionism appearing in the world, the protection of national markets with open or hidden measures?

[Answer] The economic decline now taking place around the world, the increasing unemployment and the sharpening of marketing competition will certainly strengthen protectionist tendencies and, to put it mildly, this will not be advantageous for us. The measures passed in the European Economic Community, especially, disadvantageously affect all those countries which are not members of the community or do not have some sort of treaty with the community ensuring favorable treatment. In addition to the socialist countries even the developed capitalist countries overseas, for example, have such differences with the Common Market.

In all discussions we are urging the elimination of administrative regulations which hinder trade and adherence to the obligations undertaken in the GATT. Outsiders interested in freedom of trade, including ourselves, can act effectively against protectionist measures if they represent their position consistently.

[Question] Cannot the disadvantages of protectionism be warded off by finding new markets?

[Answer] This should certainly be tried and we are deliberately expanding our trade with countries overseas. But a traditional market contact system regularly cultivated over decades cannot and should not be abandoned overnight. The immediate neighbors or nearby countries are the traditional trade partners of every country because they know one another best and the transportation distances between them are the shortest. So for the foreseeable future Europe will remain the chief outlet and supply market for Hungary. However, trade must serve the interests of both parties and it does not depend on us alone to what extent we can find new opportunities in our traditional markets. So--as it is customary to say--we are fostering the development of contacts in accordance with mutual interests with overseas countries and with the developing countries. This would require primarily a growth in the productive capacity of the economy and more marketable goods.

[Question] And perhaps it also requires a more extensive and more functional market organization in the world at large so that Hungarian goods and the Hungarian economy, can gain the good reputation which in business life is half the battle.

[Answer] Exactly so. The foreign market organization is expanding at practically the same rate as we are able to train more experts suitable for the task. Until then we will be trying to advertise Hungarian goods and services, for example, by more intensive participation at fairs, organizing Hungarian weeks, through professional, economic conferences and with information and propaganda work organized by the Chamber of Commerce.

[Question] Incidentally, what role can professional training of trade people and the foreign market network play in business successes (or failures)?

[Answer] This can hardly be expressed in figures but there is no doubt that commercial experience is most important in successful business deals. Especially in import where one must select from among many products of technically equal value the shipper offering the best trading conditions. But, of course, also in export knowing the professional stratagems is of great significance. But I must say that the only basis for good deals and thus for restoring the foreign trade balance is goods of faultless quality and punctual delivery.

Of course I must admit that the foreign trade organization has its weak sides both here at home and abroad. The flow of information and the conduct of business are slow, we miss out on favorable deals because of lassitude and internal disorganization, market research is not effective enough and we are not flexible enough. Sometimes there are justified objections to the reliability of our enterprises. These are fundamental things which must be changed; that is, we must constantly improve commercial activity and assert commercial thinking, in the good sense.

We want to aid this by building up more new interest links, by establishing associations, for example between producing and foreign trade enterprises. More than 100 industrial-foreign trade associations are functioning at this time. In addition, four foreign trade enterprises have already been given the right to deal with the sale of any type of commodity. This sharpens internal competition; the producers will favor that enterprise which can achieve the best marketing conditions. We are expanding the sphere of production enterprises with independent foreign trade rights (so far about 120 producer and consumer enterprises have independent foreign trade rights) and they are bringing our economy closer to better recognizing and fulfilling external conditions and requirements. These are all just as important for successful trade as good commodities. This is why we are taking further steps to modernize the trade organization.

Of course, we should not expect very swift changes or very spectacular results in our economic and foreign trade activity. Neither the external nor the internal conditions for this exist. But I am an optimist because, as I mentioned, there are already signs in our economy of a lasting qualitative improvement and there is a possibility for development. We must take advantage of this, and I feel that despite all the difficulties and problems we can count on success.

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CONFERENCE DISCUSSES RESULTS, TASKS OF CIVIL DEFENSE ACTIVITIES

Budapest POLGARI VEDELEM in Hungarian No 4, Apr 81 pp 16-19

[Report, no author given: "Five-Year Work Evaluation, Determination of Tasks; National Civil Defense Meeting"]

[Text] Not very long ago there was a meeting of the civil defense leaders on the national level. Col Gyorgy Harshegyi, the secretary of the MSZMP PV [Civil Defense] Committee gave the opening address and greeted those attending the meeting, Maj Gen Karoly Csemi, member of the MSZMP Central Committee and undersecretary in the Ministry of National Defense, Lt Gen Pal Kovacs, personnel director of the MN [Hungarian People's Army], deputy minister of national defense, Col Gyorgy Nagy, the first deputy of the national commander of the workers' militia, Gyorgy Keri, director of the MSZMP Central Committee Executive and Administrative Department and Col Janos Bodi, the first deputy of the MHSZ [Hungarian Home Defense Federation] secretary general, as well as all of the representatives present from associated organizations and ministries, and all participants at the conference.

Col Gyorgy Harshegyi next expressed the purpose of the meeting as follows:

"To give a comprehensive and realistic evaluation of the civil defense activity and fulfillment of the tasks planned during the Fifth Five-Year Plan period, and to outline and indicate the basic objectives which we wish to achieve and implement."

At the conference Col Imre Perger, national delegate and cadre commander of Civil Defense, gave a talk from which we can abstract the following details:

Honored comrade major general, honored general and officers, and our dear guests!

The purpose of our assembly today is to summarize the most important successes and lessons from the Fifth Five-Year Plan and to introduce the main tasks of the following plan period.

The past period of development was of great importance in carrying out the 1972 resolution of the Political Committee on civil defense and the resolutions of the government. Fulfillment of these basic resolutions will also form the basis of our work in the Sixth Five-Year Plan period.

In the interests of developing civil defense we shall have to continue our activity with new attitudes based on the requirements set in the guidelines issued by the Minister of National Defense under conditions which are quite complex from many points of view.

Col Imre Perger then analyzed the evolution of the international situation and continued thus:

Before we begin to consider the activity we have carried out in the interests of developing civil defense, allow me to quote the statement of the Minister of National Defense delivered at the 18 March 1981 conference of leaders in connection with an appraisal of the civil defense work.

"The civil defense staffs and organizations have further developed their political and specialized training in the interests of protecting life and property. The material and technical supply system has been consolidated, and the supply level has been enhanced in quantity and quality. A large number of urban and megye exercises have been conducted successfully and, for the first time in the history of civil defense, there have also been international exercises with successful solution of their mission."

During the report period the material and technical supply service of our organizations was considerably raised by means of the expedient and planned utilization of cadres, supported by the central budget and council and minister budgets, to develop and maintain material and technology. Modernization of communication equipment continued during the plan period. In accord with the plans we continued the technical development of the Data Acquisition and Control System of the Rbv [Radiological, Biological and Chemical Defense].

Using the financial sources of the civil organizations themselves (enterprises, cooperatives and institutions), we began to supply self-defense organizations, factory workers and children with defensive weapons. In implementing the central measures, we devoted increased care to thrift. We reduced maintenance and operating costs by 3-4 percent. During practical preparation (housewrecking, public construction and repair, road-building and so forth), the especially trained companies achieved a direct savings, in the national economy, of 96.7 million forints. Technical and technological development continued on the basis of the approved plans.

The political reliability and discipline of the staff was uniformly developed in striving to achieve the objectives adopted at the 11th and 12th MSZMP congresses in the area of civil defense.

The good and disciplined condition and the ethical and political state of the staff corresponds to the needs. To a great extent the political activity helped raise civil defense readiness and political work continued to be successful among the specialized corps and the populace. The political activity, work discipline, and patriotic and international thinking of the staff developed.

In the interests of achieving the main objectives, we mobilized the staff in every area of civil defense to carry out the missions. For the purpose of further developing this activity we modernized the auxiliary political organizations and began staff training.

The mental and political education of the personnel staff continues to grow successfully and organically from year to year on the basis of party resolutions and corresponding instructions.

A considerable part of the staff on the national and local levels are developing recognized public activity, especially in the organizations of the Communist Youth Association, the council agencies, and in the organizations of the Hungarian Red Cross and the Hungarian Home Defense Federation.

The comprehensive system and program of civil defense preparation (training and information) has made progress, and the technical conditions for preparation (training bases, modern subject material and methods, and so on) have developed.

With the broad participation of civil defense organizations, factory workers and the populace, we put on the demonstration megye exercises of "Gemenc-78" and "Jaszag-79." With megye guidance we conducted district and urban exercises in 12 megyes. The council and factory leaders participating in the exercises gained experience in planning and organizational work and in guiding subordinate units. The forces and organizations structured on state, factory and cooperative bases proved capable of carrying out their missions. The populace involved took part in the exercises with a high degree of civic sense of responsibility, discipline and active skill.

A large number of party, state and economic leaders observed the exercises. The demonstration methodological nature provided an opportunity to try out the new principles of application and the new methods of defense in practice. The exercises aided in standardizing and spreading political work and the methods and principles of specialized civil defense propaganda.

The new system of training and drills corresponds to modern requirements and is quite successful in preparing for civil defense missions. We successfully prepared state administration leaders in the system for preparing civil defense leaders.

With the guiding ministries and local commands we organized and conducted staff employment, and command and staff leadership exercises for the leadership staffs of the specialized services and the self-defense organizations.

The specialized staff considerably increased their knowledge and proficiency in organizing and conducting rescue, liberation and renovation work.

We successfully continued differentiated civil defense preparation for workers under working conditions. However, this form of education was still too theoretical in nature. We did not pay sufficient attention to the specific details of jobs, and the departments were unable to incorporate and supervise the education.

More recently in the plan period we completed the civil defense preparation of the populace which does not work. With the mass media the national, megye and factory presses helped to prepare the populace with propaganda appropriate to the plans by means of 26 television broadcasts of the serial named "In the Interest of Our Tranquility," and by projecting 23 short features in movies.

In the area of home defense education at school we continued student preparation on the secondary school level and on the upper elementary level, connecting civil defense education with special education.

We expanded civil defense education in the area of mass organizations and collaborated in organizing staffs of experts in civil defense corps established in Youth Guard organizations of KISZ [Hungarian Communist Youth Association], and organizing their national and other programs.

In temporary quarters we established and developed a civil defense training center which began operations in September 1978 with the training of factory leaders.

In addition civil defense preparation was expanded and improved for the basic local system and its work. Using the Hajdu-Bihar megye as an example of a megye training base, further preparation was begun to develop a newer local base in the part of the country across the Danube River.

During the report period we considered constant improvement in the leadership level, in effectiveness and in scientific foundation major tasks. Planning and organizational work became more purposeful, as a result of

which the civil defense staff foresees a long and medium-range bright future.

For the purpose of better acquainting the megye staff with the proper relations between tasks and problems, we paid increased attention to establishing relationships earlier. For this purpose the PVOP [National Civil Defense Command] leadership participates more and more systematically in megye, urban and district (party executive committee, home defense committee, council) programs, conferences and meetings where the subject is civil defense.

In its system of contacts PVOP has developed cooperation with ministries (national authoritative organizations) appropriate to relative laws and resolutions. However, in each case the central coordination of one task of major significance or another demands greater efforts than necessary.

Our relations with armed forces also developed appropriately. We must still expand our collaboration with the Ministry of the Interior, but particularly with central and local organizations of the workers' militia, both in coordinating our plans and in planning and conducting joint exercises.

During the plan period we tried to develop bilateral and multilateral international relations with civil defense organizations in the socialist countries. Their success was demonstrated in 1977 by the international food-defense program held in our country and by the Czechoslovak-Hungarian international cooperation exercise, "Hansag-Dunaj-78," held in 1978.

In appraising the work carried out during the Fifth Five-Year Plan, we can maintain that we performed our missions, even with all our concerns. Others participating in this successful work were the ministries, the civil defense organs of the national authoritative organizations, the council organizations and the military civil defense organizations. The collaboration, already 30 years old, was again fruitful during the last 5 years, and I am convinced that this offers a pledge for further successful execution of the tasks facing us.

Honored comrades!

Again in the coming plan period the tasks arising from the objectives included in the resolutions of the Political Committee of 1972 and the Council of Ministers of 1973 form the basis for the work facing us in 1981-1985. Just as in the previous plan period, the most important developmental objectives for the Sixth Five-Year Plan period will be determined by the guidelines of the Ministry of National Defense (the national civil defense leader).

On the basis of the new guidelines the central objectives are for civil defense, as a part of national defense, to continue developing in accord

with modern requirements, for its societywide nature to become stronger, for its connections with the proper civil organization activity, for raising the preparedness of the staffs of civil defense organizations, to raise the level of material and technical supplies, to develop operational readiness to meet tasks anticipated in this unusual period and to eliminate the results of damage caused by the elements, and to increase the protection of the populace and of material goods.

We established the conditions for achieving these major objectives in the past plan period, and we have every reason to regard the future hopefully.

In addition to the successes outlined, a firm basis for this is provided by the readiness of the civil defense leadership organizations and their staffs, by the illustrious self-sacrificing activity of communists and by the conscious willingness of the entire populace to sacrifice.

During the execution of developmental and maintenance tasks, efforts should be made to implement thrifty and economic management. Efforts should be made to implement simple and economic solutions by means of expedient scientific research, technical development and innovative activity.

Based on the results achieved in the system developed in 1976-1980, civil defense preparation must be continued and developed with an expansion of basic knowledge, modernization and increased common sense.

In order to develop and intensify knowledge during the plan period within the structure of preparation, it is still necessary to continue the civil defense preparation of the state administrative and economic leaders, of the leadership, political deputies and assigned personnel in the specialized organizations, and of the workers, populace and youth with the system and methods which have evolved, and with increased care being devoted to common sense education.

The megye, urban, district and factory exercises should be continued, and they should be united with economic development as far as circumstances permit. Special attention must be directed towards maintaining and further developing the results achieved in preparation with the smallest possible consumption of time and energy.

The efficient development of scientific research should help solve the tasks facing civil defense in a modern method and on a level appropriate to the requirements of the times.

In addition special attention must be given to fulfilling the civil defense tasks with international connections.

In the past plan period the civil defense of the Hungarian People's Republic, as an organic part of our national defense, developed further and is capable of achieving its purpose.

The military, state administration, specialized and self-defense organizations of civil defense have basically achieved the missions levied on them during the Fifth Five-Year Plan.

All of this is due to the enthusiastic, unselfish work of the professional civil defense organizations, civic organizations, organizations of ministerial, council and economic leaders, specialized staffs and the entire populace.

To a large extent the success of our work has been determined by the fact that communists working in civil defense organizations have been lively in solving tasks, and that the ministerial and local party organs and organizations have offered continued help in solving our tasks.

In the name of the civil defense leadership I would like to express my gratitude and recognition for the work accomplished to the entire personnel staff of civil defense, to the officers and officer deputies, to the civil wardens, and to the communists, party organizations and specialized organizations working in these organizations.

I would like to thank the highest military leadership in the Ministry of National Defense, the MSZMP National Army Committee, for the effective aid which they have given our work.

I would particularly like to thank the leaders of the organs in the Ministry of National Defense, in the armed forces and corps, in the ministries and in the national authoritative organs for the cooperation proffered during the accomplishment of the tasks, all of which contributed to fulfilling our missions.

I ask them to provide their aid in the future in solving the tasks facing us.

Following the report speakers expressed their experience and their opinions of the past period. After the speeches of the representatives of ministries and supreme authority, of the megye staff command and of the PVOP division leaders, Maj Gen Karoly Csémi began to speak. In the opening part of his speech he expressed the greetings and good wishes of Janos Kadar, the first secretary of the MSZMP Central Committee, who participated in the conference of the national leaders of the Hungarian People's Army on 18 March, to the participants at the conference, and through them to all civil defense workers, and then Lajos Czinege, general of the army, transmitted greetings and thanks from the Minister of National Defense and the MSZMP National People's Committee for the good work done in the past 5-year period. He then continued his speech:

"The particular property of today's conference is that we are at the turning point of two 5-year plans, and here something should be said about the development of the Hungarian People's Army and civil defense, and how other

branches of the national economy and the National Army, including civil defense, have fulfilled the tasks assigned during the 5-year plan."

Following this he spoke of the importance of realistic planning and called his attention to simplicity and good organization in planning because, as he said: "The simpler and the better organized a plan, the easier it is to carry out, and it is important for us not to require any superfluous labor or energy during this period."

He spoke with appreciation of the professional civil defense staff. With respect to the personnel staffs of the exercises and of special corps, he said the following: "Sincere honor and recognition to those citizens who carry out their civil defense work unselfishly in social work. We also appreciate those who conduct or plan individual phases of exercises, but also acknowledge those who 'tolerate' these exercises and, without panic, lead their lives amid the disturbance in the city and its surroundings."

In the early part of his address, Maj Gen Karoly Csami called attention to the completion of the tasks based on the resolutions of the 12th MSZMP Congress and to the accomplishment of the 1981 agenda.

Col Imre Perger answered the addresses delivered at the conference, and then Col Gyorgy Harshegyi ended the conference with some concluding words.

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CSO: 2500

NATIONAL BANK PUBLISHES FINANCIAL STATEMENT

Budapest FIGYELO in Hungarian No 16, 22 Apr 81 p 4

[Article by Dr Ervin Fabri: "The Hungarian National Bank Prepares Its Statement"]

[Text] The Hungarian National Bank, just like any other enterprise, must prepare a balance sheet, and a profit and loss statement. These, together with an annual report that summarizes the bank's operations, must be submitted to the corporation's supreme organ, the shareholders' meeting. (The state owns 300,000 shares with a par value of 20,000 forints per share, or a total value of 6.0 billion forints.) The shareholders' meeting, attended by representatives of the state as shareholder, and by the bank's board of directors, was held on 17 April.

The central bank's balance sheet is a unique document. On the one hand it reflects the assets and liabilities of an enterprise, the bank. On the other--since the bank is directly linked to the economic activity of the enterprises and population, through credit, currency circulation, and foreign-exchange operations--it reflects the changes that occurred during one year in the financial and economic situation of the entire national economy.

On the assets side of the balance sheet, the stock of gold, foreign currency and foreign exchange, and demand assets increased by 5 percent or 3.6 billion forints. The intermediate- and long-term loans outstanding increased by only 15.2 billion forints, as compared with 32.1 billion the preceding year. This is related to more restricted investment activity, and to a moderation of the permanent rise of inventories. The volume of short-term loans outstanding increased by 8.3 billion forints to 111.9 billion last year, as compared with an increase of 1.3 billion forints in 1979. The additional increase can be attributed to the fact that the bank financed with credit of this type the requirements stemming from export production, and also to the use of this category of credit for supplementing the decline of internal resources. Since credit always reflects processes in value terms at current prices, the price level's rise also played a role in the increases of the volumes of loans outstanding.

Table 1. Balance Sheet of the Hungarian National Bank on 31 December 1980

Assets	Million forints	Liabilities	Million forints
1. Gold, foreign currency and foreign exchange, securities and demand assets	78,375	1. Paid-up stock*	6,000
2. Loans		2. Reserve fund	2,275
a. Intermediate- & long-term		3. Deposits and other liabilities	
Banks	152,606	a. Time deposits	
Enterprises	188,663	Banks	219,799
State budget	23,686	Enterprises	88,464
		State budget	1,324
	364,955		309,587
b. Short-term (12 months)		b. Demand deposits	
Banks	19,174	Banks	82,778
Enterprises	92,053	Enterprises	67,380
State budget	624	State budget	12,636
	111,851	Other	10,605
			173,399
3. Miscellaneous assets	26,399	4. Bank notes and coins	72,777
4. Total	581,580	5. Miscellaneous liabilities	7,690
		6. Profit	9,852
		7. Total	581,580

*300,000 shares at a par value of 20,000 forints per share

So-called traditional items on the balance sheet's liabilities side are the already mentioned 6.0 billion forints of capital stock, and a 2.3-billion-forint reserve fund. Total deposits with the bank (time deposits and demand deposits jointly) increased by 26 billion forints in one year, to 482.9 billion forints at year's end. Within this there was a particularly sharp increase in the clearing deposits of the enterprises and cooperatives. A contributing factor was that the liquidity problems, which had still been frequent the preceding year, declined in 1980, due in part to more efficient enterprise management and higher profitability, and in part to more flexible credit supply. Another traditional item on the liabilities side of the central bank's balance sheet is the currency in circulation (bank notes plus coins), which increased by 9.2 billion forints in 1980. The year-end volume of currency in circulation was 72.8 billion forints.

In comparison with the preceding year, the sharper rise in currency circulation is related to the population's keeping more cash on hand.

The bank's profit in 1980 was 9.9 billion forints, 0.5 billion less than the preceding year.

This decline in profit can be explained by the fact that the average interest rate charged by the bank on loans dropped from 5.70 percent a year in 1979 to 5.54 percent in 1980, while simultaneously the cost of funds rose from 3.85 to 4.82 percent a year. In other words, the bank's so-called interest profit margin became smaller. The bank's total income in 1980 was 46.6 billion forints; and its total expenditure, 36.7 billion forints. The difference gives the aforementioned 9.9 billion forints of profit, according to the following profit and loss statement (Table 2).

In conjunction with the bank's practice of providing credit for working capital it can be said that the bank attempted to compel the enterprises to adjust to the new, harsher conditions of economic activity by tightening the credit terms. At the beginning of 1980, the bank introduced a new method of measuring and financing the permanent increase of working capital. Within working capital, this method distinguishes between credit for financing inventories, and credit for financing other--monetary--working capital. This method is more effective in encouraging the enterprises to finance permanent increases of inventories--in accordance with the principle of self-financing--through a working capital fund that is replenished from the development fund (to which a proportion of the profit is allocated), or in advance through intermediate-term credit that likewise must be repaid from development resources. Experience with the new method during its first year has been favorable in general; it eliminates, among other things, the artificial reduction of inventories that was experienced earlier.

The practice of providing investment credit adjusted selectively to the curtailment of investments. Preference has been given to financing the investments in progress. A new activity is innovation credit. It is provided from the innovation funds by the Central Exchange and Credit Bank Company, Ltd (Kozponti Valto- es Hitelbank Rt)--a wholly-owned subsidiary

Table 2. Profit and Loss Statement of the Hungarian National Bank, 1980

Reimbursements and costs	Billion forints	Incomes and Revenues	Billion forints
Reimbursements in conjunction with payments		Interest received	41.5
Interest paid	0.6	Commissions received	4.6
Commissions paid	35.0	Charges and fees	0.3
Administrative and other costs	0.2	Other revenue	0.2
	0.9		
Reimbursements and costs jointly	36.7		
Profit	9.9		
Total	46.6	Total	46.6

of MNB [Hungarian National Bank]--for activities that are realized with the fruits of Hungarian intellectual effort.

In harmony with the external economic processes, Hungary's foreign exchange situation improved in 1980. This is the more noteworthy because the conditions on international money markets have become more complex. Even in this situation the bank was able to make a profit on exchange rates. In the interest of financing investments and development projects, the bank systematically continued to tap foreign sources of credit. Within this it negotiated a loan for 250 million dollars, organized by Manufacturers Hanover Trust of the United States. We might also mention a 50-million-dollar bond issue organized by the Amexco Bank and the Kuwait International Company. An agreement for a 300-million-dollar loan was also concluded with an international consortium of banks. Through its exchange-rate policy the bank slowed down the ripple effects of foreign inflation. At the beginning of 1980, the bank reduced the dollar's commercial exchange rate to 34 forints and adjusted to this the exchange rates of the other convertible currencies, with due consideration for the cross exchange rates on the money markets. During the year, the bank subsequently revalued upward on two occasions the forint's commercial exchange rate in relation to the dollar. The bank continued to narrow the difference between the commercial and noncommercial exchange rates of currencies in nonruble-denominated foreign trade. This was a significant step toward the earliest possible establishment of the forint's uniform exchange rate.

The report submitted to the shareholders' meeting provided a picture of how the Hungarian National Bank's relations with the international banking community were expanding. Noteworthy is the fact that the Central European International Bank of Budapest, in which Hungary has a 34-percent interest, closed successfully its first year of operation, in 1980.

The shareholders' meeting approved the bank's business policies and practices in 1980. In conclusion it adopted a resolution to allocate 1.0 billion forints of the 1980 profit to the reserve fund. Accordingly, the Hungarian National Bank's reserve fund will increase to 3.3 billion forints in 1981, from the 2.3 billion in its 31 December 1980 balance sheet. This will expand the sources for providing permanent credit; in other words, the capital position of the central bank will be stronger.

1014

CSO: 2500/228

RESOLUTION ON GUIDELINES FOR STATE-SUBSIDIZED INVESTMENTS

Budapest MAGYAR KOZLONY in Hungarian No 9, 11 Feb 81 pp 175-179

[Article: "Resolution Number 1004/1981 (II. 11.) of the Council of Ministers: On the Guidelines for State Subsidy of Investments"]

[Text] In order to achieve the economic-policy goals of 1980 law number III, relating to the Sixth 5-Year Plan for the national economy, the Council of Ministers makes the following resolution concerning the guidelines for state subsidy of investment:

1. State subsidy serves efficiently to achieve the goals of the Sixth 5-Year Plan for the national economy. Accordingly, investment subsidies influence and stimulate decisions on development. By means of state subsidies, the state supplements the developmental resources of economic and other organizations, including also available bank loans, and prefers effective development which the general system of profitability interests stimulates insufficiently or not at all; it also promotes development of the productive infrastructure. State subsidy also creates the possibility of investment in areas of the economy for which a peculiar system of international agreements or the prescriptions for the recalculation of prices make capital formation based on productivity differentials impossible.
2. Investments for increased production and modernization through state subsidy--in accordance with long-range international economic policy and the guiding principles of development of the system of production--must promote improved efficiency of operation.
3. State subsidies for investment may be given to economic organizations (Civil code 685, section c) and to state-financed institutions for the purposes listed in the appendix to this resolution.
4. The principles for state subsidy of agricultural investments are contained in a separate regulation. Subsidies for non-agricultural investments of large agricultural operations and associations are governed by what is contained in this resolution, however.
5. The upper limit of the amount of money that can be granted as state subsidies for various purposes is established by the national economic plans.

6. State subsidies for development of services to the population are derived from the Central Service Development Fund, for environmental protection from the Central Environmental Protection Fund, and for area development from the Area Development Fund. State subsidies for these purposes are awarded according to the operating rules of the respective funds.

7. With the exceptions listed in points a) through d) below, economic organizations receive state subsidies as loans. State subsidy for investments by state-financed institutions are direct payments.

Direct payments can be made for investments by enterprises (or cooperatives) for the following purposes or under the following conditions:

a) economic modernization of mining and

b) acquisition of boats and barges for transportation, if the planned profit and amortization of the economic organization making the investment do not make it possible to repay the entire state loan;

c) investments resulting in energy savings in accordance with the principles published in the invitation for competition in this field;

d) with the exception of investments resulting in energy savings, whenever the profitability of the investment reaches the minimum requirements of profitability prescribed in the guiding principles of credit policy and when at least 80 percent of the investment being assisted by the subsidy will be financed by the development fund and bank credit.

8. The economic organizations may receive state loans under the following conditions:

a) the length of time for repayment is at most 10 years from the planned time of installation; for those purposes which on the basis of the guiding principles of credit policy may receive bank credit for a longer time, the length of time for repayment of the state loan may be the same as the time established in the guiding principles for credit policy, if by this means a direct payment can be reimbursed.

b) the state loan must be repaid from profits before taxes and amortization before centralization.

9. In regard to investment subsidies connected with international obligations, a joint determination will be made--taking into account the conditions of the international obligations and their effects--on the initiative of the branch ministry, by the National Planning Office, the Ministry of Finance, and the Foreign Ministry, as to which economic organizations may utilize state subsidies and for which purposes.

10. State subsidies are determined by the minister of finance, who exercises his authority through subsidy committees, except for the following purposes which are determined by the State Development Bank, where the minister of finance is represented and in light of opinions of the National Planning Office and the Hungarian National Bank:

- a) mining subsidies, taking into account the opinion of the ministry of industry,
- b) subsidies for developing the economical utilization of energy, taking into account the opinion of the National Energy Economy Authority,
- c) subsidies connected with international obligations, on the basis of the opinions of the foreign ministry and the branch ministry concerned,
- d) subsidies for development of "background" industries, taking into account when necessary the opinions of the branch ministry, the ministry of foreign trade, and/or the National Office of Materials and Prices.

11. On the basis of the subsidy decision, the State Development Bank and the economic organization or state-financed institution make an agreement for a direct payment or state loan approved.

12. If an economic organization cannot or can only partially fulfill the conditions agreed to at the time of the subsidy, the organization authorized to approve the subsidy may withdraw the subsidy in whole or in part. In such a case, the subsidy--whether received in the form of a state loan or a direct payment--must be repaid from the development fund.

13. State subsidies granted before January 1981 may be utilized by economic organizations and state-financed institutions in accordance with the earlier regulations. They must fulfill the conditions of the subsidies in accordance with what is contained in the subsidy agreement.

14. This resolution will take effect on the date of its publication.

/s/ Lajos Faluvegi

Vice-chairman of the Council of Ministers

Appendix to Resolution Number 1004/1981 (II. 11.)

1. State subsidies may be permitted for the purposes detailed below:

a) Purposes within a branch

Mining

--the development of coal mines operating economically (investments for coal substitutes, connections between mining sites and the surface, significant reconstructions, mechanization of digging, refining, and associated processes, modernization of safety techniques)

--modernization of productive systems of metal-ore and mineral mines

Construction materials industry

- investments resulting in the manufacture of new construction materials in accordance with the directives of the new regulation on steam technology
- investments serving to supply the construction industry and the population with construction materials and equipment (primarily production of masonry materials)

Food industry

- developments in the meat, milk, canning, freezing, milling, sugar, confectionery, alcohol, and beer industries (primarily investments for better supply to the population)

Domestic trade

- warehouses for medicines
- development of transportation and storage of fruits and vegetables
- development of the network for distribution of consumer goods (primarily department stores in Budapest, ABC stores, and reconstructions)
- development of tourist facilities (construction of motels and camping areas)

Transportation

- acquisition of boats and barges

b) Inter-Sectoral Goals

Developments for economical energy utilization

(According to the conditions of competitive bidding in this field.) State subsidies for this purpose may also be extended to organizations operating at a loss.

Developments connected with international obligations undertaken by government organizations

(Subsidies may be given in this case even if profitability is low because of a peculiar system of conditions in the international agreements.)

Development of the manufacture of pre-fabricated or semi-finished products, component parts, or sub-units.

(According to the conditions of competitive bidding, now in preparation for publication. Subsidies for developments in the area of background industry may take place if the producers perform manufacturing at modern technological levels, thus contributing to improvement of competitiveness of the final products, and if the development will create possibilities for economical import substitution and, beyond that, economical production of high quality goods that can be sold in all markets.)

Developments for the utilization of refuse and secondary raw materials

Developments for services to the population

(To promote realization of the tasks of central and local development of services.)

Environmental protection

(Prevention of environmental pollution, or in severely polluted areas development to decrease pollution.)

Area development

(For future economic investments in the countryside on account of industry leaving the capital city.)

9611

CSO: 2500/173

BRIEFS

MECHANIZED EQUIPMENT FOR PRIVATE PRODUCERS--Between 1977 and 1980 a total of 65,000 motorized cultivators and one-cylinder tractors as well as 42,000 motor-driven sprayers were marketed for private growers. Last year alone 23,500 motorized cultivators and small tractors were sold. Even this quantity failed to satisfy demand. According to best estimates, 30,000 - 35,000 motorized cultivators and small tractors are needed annually. This year there was a substantial increase in domestic production of equipment of this sort. It will be manufactured in cooperation with the agricultural machine industry and by the cooperative industry. Czechoslovak-Hungarian and French-Hungarian cooperation will help broaden selection as will import of more expensive equipment from Yugoslavia. Domestic production of small machines is expected to exceed 25,000 - 28,000 pieces. Including imports, a total of 30,000 motorized cultivators and small tractors will go on sale. There will also be 14,000 - 15,000 motor-driven sprayers. There is every hope that the supply of such equipment will be more regular, especially during the second half of the year, and the same is expected during the remainder of the Sixth 5-Year Plan. The briefing from the Economic Committee of the Council of Ministers pointed out that new demands will arise, especially for more powerful small machines, grinders and pumps. This is due to the fact that some of the small producers are beginning to specialize and expect to grow more than in the past of certain types of produce. An adequate supply of parts for such equipment must also be ensured. At present, a private grower will spend as much as 10,000 - 20,000 forints for small agricultural machines in the hope of greatly increasing production and the income derived therefrom. [Budapest NEPGAZDASAG in Hungarian 5 May 81 p 4]

UPSWING IN SHEEP RAISING--Sheep raising is expected to be one of the most rapidly expanding branches of animal husbandry during the Sixth 5-Year Plan. According to projections the number of ewes will increase by one quarter, the production of mutton by 50 percent and the supply of wool by one fifth. There will also be an increase in processed ewe milk. Favorable production policy measures as well as good world market prices have encouraged farms to take a greater interest in sheep breeding. Similarly to other branches of agriculture, a number of production systems concentrated on sheep husbandry have come into being. They are propagating the most advanced methods of quartering, feeding and raising sheep. There are already five such systems in operation and they have been joined by 100 farms which raise sheep. [Budapest NEPSZABADSAG in Hungarian 5 May 81 p 4]

DELAYS, SHORTCOMINGS IN FOREIGN TRADE SECTOR EXAMINED

Bucharest ROMANIA LIBERA in Romanian 19 Mar 81 pp 1,3

[Article by Corneliu Antim]

[Text] For all the enterprises, institutions and other specialized agencies whose programs incorporate the task of completing and delivering the output for export, this period which we are covering is highlighted by an effort that focuses on two factors. In the first place, they involve finalizing the procedures for covering the Romanian product offer with firm contracts and continuing the exploration of the foreign market for the better positioning and utilization of Romanian involvement in the area of world economic interchange. Moreover, the aim is to finalize short-range contracts or contracts that are behind the schedule, including clauses on dispatch of auxiliary equipment and spare parts or corrections requested by some partners during the process of merchandise delivery. The last-mentioned activities only involve a small part of our obligations as export assignments. But failure to exactly and completely meet the provisions of export contracts may entail prejudice greater than the amendments related to the nonfulfillments involved. Therefore, the units that turn out exportable goods, the foreign trade enterprises, and the ministries involved are now considerably concerned with avoiding such shortcomings. In the past 5 months, most of the backlogs which some ministries (the Ministry of the Machine Building Industry, the Ministry of the Chemical Industry, the Ministry of the Forestry Economy and Construction Materials, the Ministry of Light Industry, and so on) still had at the end of last year vis-a-vis their foreign customers were eliminated. The effort made was considerable but it proved again, if such a proof was still necessary, that more systematic work and closer coordination of the entire process, from subfurnishers, furnishers and up to users, by involving all powers and exercising actual responsibility at each stage that decides the level and quality of the exportable output are instrumental in the success of the projects, in the solidification of a prestige which now most Romanian products already enjoy. Some might object that these are matters of detail, and we do not deny it, but it is difficult to understand that by endlessly neglecting this "complex of details" -- organizational or of another kind -- we will be able to obtain in the future what we have planned. We must admit that more than once we have primarily come up against our own inconsistencies, our own inertia or weaknesses. Here are a few examples: the furniture

enterprises, in spite of a very good reputation which they have won abroad thanks to the esthetic and qualitative features of the products that they offer to the market, have for many year now faced a problem that is somewhat minor. It involves the metal accessories (hinges, keys, locks, handles, screws, and so forth), packaging and the preservation facilities during transportation. These details, which are insignificant in light of an annual turnover of several hundred million lei in foreign currency, however, complicate the normal flow of a trade process, by renegotiation of some delivery clauses or of some contract terms. Evidently, the problems are resolved ultimately, but are waiting for decided settlements. Another example, this time in the area of exports of machines, outfits or other products of the machine building industry. It is a matter of providing the spare parts or entire subassemblies for locomotives, compressors, trucks, and the like, a process which, usually, involves several supplier units. While the delivery of the products proper, despite their complexity, proceeds adequately, in most cases, these contractual "appendages" involve procrastinations, with consequent impact on exports, because of overbidding of decision-making factors and vouchers, for specifying the right of everyone -- furnishers, subfurnishers, inspectors, supervisors of various grades and expertise, and so on -- in the final profit. That is how excessive red-tape mental attitude hinders expeditiousness of solutions, which in terms of technology and profit are precisely demarcated and from the onset clarified. This has led to the situation where, in the case of the delay in delivery of a special item by a supplier over the limit of the year specified in contracts, it would be completely erased from the list of current, planned, obligations (unilateral cancellation!), even though in terms of export the obligations of the supplier enterprises evidently remain further valid. Payment of penalties is accepted very easily instead of assuming the responsibility which is legally stated under economic contracts! In the case of "Mecanoexportimport" foreign trade enterprise, as an example, it is the matter of some domestic suppliers of the size of the Braila "Progresul" enterprise (depending on the Ploeni enterprise, Sibiu "Independenta" and Miercurea Ciuc enterprise) or of the Bals Axle and Bogie Enterprise. These are chain reactions that generate severe disruptions in the process which involves a customer and an outlet, disruptions which are very serious when it is a matter of accuracy and expeditiousness of trade procedures.

We must point out that the very level of the Romanian industry today has lent a very vigorous pace to foreign trade activity. Last year, for instance, the total volume of trade with other countries was almost five times the level for 1970 and the annual rate of growth -- 17.4 percent -- was the highest of all that were recorded for the other general indicators during an entire decade. Only a continually declining situational status of the balance of prices, for raw materials and energy, specifically, has recently resulted in an adverse trade balance. Last year more than 50 percent of all our imports involved staple raw materials: crude oil, coking coal, metallurgical coke, iron ore, metal sections, cotton, hides, and so forth. In light of our existing economic resources, the qualitative and competitive level attained by many Romanian manufactured goods and the potential of technical creativity (which we are still utilizing on a small scale on the foreign market),

the volume and especially the value of exports last year -- 162.5 billion lei -- was smaller, versus the value of imports. This situation occurred in the context in which, structurally, the exports of machines, outfits, installations and transportation facilities, consumer goods and chemicals went up for an entire five-year plan, 1.9-2.2 times. Romanian exported goods went to 150 countries in 1980 (in 1975, to only 131). However, the end-result, the way in which we reaped the fruit of these very intensive efforts to broaden the foreign outlets but also the range of finished products offered for marketing, was affected by a number of shortcomings. What are these shortcomings? Inadequate, uneven and incomplete exploration of the foreign market, failure to timely provide contracts for the production designed for export, and the very slow adjustment of production to the actual needs of the foreign market. We should add to these failure to meet contracts on schedule by some domestic manufacturing units and the obtaining, by specialized foreign trade enterprises, of improper, concessive prices for some products, even though their competitive value and the value of the research and work invested in them required a corresponding evaluation. Some shortcomings still can be found in provision of the appropriate context between the benefitting units (the foreign trade enterprises) and suppliers in regard to inspection and qualitative supervision of products in the very manufacturing units. However, Law 12/1980 on the organization of foreign trade activity states a sharp increase in the participation of foreign trade enterprises -- up to interphasic inspection -- in completion of the exportable output in all contractual terms. Experience so far requires this kind of greater responsibility, material incentives also regulated by the economic-financial system in this area, and the legal framework suggests this. We must devise as soon as possible the proper forms, the methodological and organizational tools which are capable of enhancing direct initiative, self-inspection and actual co-operation based on mutual material incentives to obtain the best possible results, in production and in marketing. In a future article we shall again discuss this array of problems, in a more analytical way, geared to the complex activity of a foreign trade enterprise. Until that time, we want to reassert the need for promptest elimination, as early as this quarter, of the backlogs, concurrently with the thorough, systematic, and applied survey of matters involved in the exploration of the foreign market, for next year's production, and for the finalization of contracting for this year's production.

Better and promptest mobilization is imperative. Today's capacity of the Romanian industry, the adequate framework provided by the laws in effect and the existing human resources in the field we have been surveying are objective arguments that the difficulties are transient phenomena that can be easily overcome.

11710
CSO: 11710

ROMANIA

EFFORTS MADE TO INCREASE MECHANIZATION OF CONSTRUCTION

Bucharest SCINTEIA in Romanian 20 Mar 81 p 3

[Article by Dr Engr Ioan Vita, director in the Ministry of Industrial Construction]

[Text] Completing the new production facilities in the shortest possible construction cycles -- a basic task in the area of investment projects, highlighted again by Nicolae Ceausescu at the recent Farmers' Congress -- is directly tied in to the gradual increase in the mechanization of all types of operations on construction sites. Experience has borne out that mechanization of construction procedures is the primary factor in markedly increasing labor productivity and, implicitly, the pace of work on construction sites, in other words, in significantly reducing the construction cycles. Moreover, mechanization of construction also has a major impact on raising the efficiency of investment projects.

Hence, all this underlies the priority guidelines on which experts in trusts and in the ministry focus their efforts: superior use of the existing fleet of machines and facilities; continuous expansion and renewal of this fleet; adequate overhaul for appropriate operation.

The increase in the mechanization of construction is based on sound technological estimates which underlie the systematic development of plans for provision of new equipment. In this area we strictly focus on establishing a close analogy between the provisions of the investment plan and the ensuring of the mechanical means involved in plan implementation -- an analogy precisely reflected in the programs for research and arrangement for production of new kinds of construction machines. Consequently, the trusts and enterprises of the Ministry of Industrial Construction are furnished with mechanization means valued at more than 10 billion lei. Even though they are very diversified, they are part of systems of integrated machines -- and this is a permanent goal pursued in this program -- systems that ensure overall mechanization of the procedures, by "chains" of facilities, which are optimized on a multicriterial basis and characterized by high standardization. For instance, I have in mind the "chains" of machines for preparation, transportation and pouring of concrete, for transportation and handling of materials and machines for processing on construction sites: cutting, boring,

drilling, grinding and smoothing of construction materials.

Working in the spirit of the instructions given by the party secretary general, we have recently focused on developing new machine technologies, specifically for the kinds of procedures that involve great volume and which, traditionally, entail the use of great amounts of materials tied to high energy consumption. For example, in terms of soil work, our program involves two distinct areas. The first one pertains to soil compacting, for the purpose of avoiding costly procedures, the conventional pile technique; the second one involves mastering new foundation procedures. Latest accomplishments in this field include: the system of vibroflotation for deep reinforcement of less cohesive ground, the unit for compacting based on a 10 t/f super-rammer, used on the construction site of the Giurgiu Chemical Combine, the unit with an extended arm mounted on a crane for turning out screens and which was successfully used, even during the testing period, for making a perimetral protection screen on the platform of the Midia-Navodari Petrochemical Combine, the hydraulic vibrodrill for geothermal drilling and other facilities.

Two matters involved in developing these evidently efficient machines must be underlined. The technical performance achieved in their operation is considered as only an intermediate stage in light of their further improvement. Moreover, it is the direct outcome of the integration of education with research and production. For the designing and production of these machines we mobilized specialists with broad experience from higher education institutes -- special praise goes to the collective of roads and foundations at the Timisoara Polytechnical Institute -- from specialized research and design institutes and from units of the Bucharest Central for Mechanization of Industrial Construction.

This year's investment plan contains a large amount of installation and finishing procedures. Naturally, the program for research, development and introduction of technical progress in construction is tailored for these specific conditions. For example, a new technique, which is a significant factor in boosting labor productivity, has been used in the installation-assembly program. It involves fixing the various construction and finishing elements with pegs embedded in concrete. The arrangement for the production of a thin-layer plasterer and spray plaster gun has resulted in considerably greater labor productivity in this type of procedures. In this brief survey I shall also point out the wide range of portable electric tools designed for installation and finishing techniques: a portable mosaic polisher, a corner grinder, a machine for finishing mineral floors in narrow areas, a blow hammer for construction, and other tools. However, the large-scale use of these electric tools is encountering difficulties caused by the lack of special cutters which are part of the equipment and which were not provided by the specialized units.

The upkeep and overhaul of the fleet of construction machines requires provision of all the needed spare parts at any time. Because this matter often involves real difficulties, which sometimes cannot be easily resolved, the executives of the ministry and of the specialized central have developed a

comprehensive program for resolving it. Its basic ingredients involve domestic production of the largest possible amount of spare parts and thus elimination of import of these parts, and also recovery and reconditioning of the sub-assemblies that result from the dismantling of damaged outfits.

Consequently, the ministry has established a number of units for repairs and maintenance, which turn out a large amount of spare parts. Hence, last year, the imports were cut by about 11 million lei in foreign currency and it is expected that in 1981 this will amount to more than 12 million lei in foreign currency. But the program for arrangement for production and reconditioning of spare parts is much broader. Two figures are significant: 1980 saw the production of new parts valued at 276 million lei and reconditioning amounting to 333 million lei. We must point out that the system of spare part reconditioning is structured on a centralized basis for the various units and groups of components, with the constant focus on use of modern procedures and reduction of production costs for each part.

Certainly, in surveying these matters we are far from having covered the entire area of our concerns in terms of increased mechanization of construction. As indicated before, the results so far are considered only as an intermediate stage in the constant drive to upgrade the activity in this decisive sector for the completion of the new investment projects within the shortest possible periods and at the lowest possible costs.

11710

CSO: 2700

ROMANIA

BRIEFS

ECONOMIC TALKS WITH USSR--L. A. Konstandov, deputy chairman of the USSR Council of Ministers, received Gheorghe Caranfil, Romanian minister of chemical industry, who is visiting the Soviet Union. They discussed the development of bilateral cooperation in that area. The Romanian minister also discussed cooperation with V. V. Listov, minister of chemical industry; A. G. Petrishchev, minister of petroleum refining and petrochemical industry. [Bucharest SCINTEIA in Romanian 3 Apr 81 p 6 AU] A Romanian delegation led by Dumitru Popa, minister of industrial construction, paid a visit to the USSR at the invitation of the State Committee for Construction. He had talks with V. F. Promyslov, chairman of the Executive Committee of the Moscow Municipal Soviet, and signed a protocol on scientific-technical cooperation in the 1981-85 period. The delegation was also received by N. V. Talyzin, deputy chairman of the USSR Council of Ministers. [Bucharest SCINTEIA in Romanian 4 Apr 81 p 6 AU]

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